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WELFARE INCOMES 2003

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The Council would also like to thank the staff at Statistics Canada for providing the most recent statistics on low income cut-offs and average incomes in Canada that are referenced in this report.

FOREWORD

Welfare Incomes is a regular report on the welfare rates in each province and territory in Canada. This report estimates welfare incomes for four types of households in 2003: a single employable person, a single person with a disability, a single-parent family with a two-year-old child and a two-parent family with two children aged 10 and 15. The National Council of Welfare has published similar estimates since 1986.

Welfare Incomes has never been a good-news report and *Welfare Incomes 2003* is, unfortunately, no different. The gap between the poverty line and welfare incomes remained large and relatively unchanged in 2003 with people on welfare subsisting on as little as one-fifth of the poverty line. People on welfare continued to realize an even smaller fraction of the average income of other Canadians.

In general, welfare incomes in 2003 continued to deteriorate through cuts, freezes and the eroding effects of inflation. The few exceptions were the single employable and disabled persons in the Northwest Territories who saw an increase in the value of their benefits. Single employable people in Newfoundland and Labrador saw an improvement in their welfare incomes owing to a major change in provincial welfare policy yet their welfare income was still less than half the 2003 poverty line.

This report brings to light the severe cuts in welfare rates in British Columbia. The Council is still horrified by the decision of British Columbia to put time limits on the receipt of welfare. Employable persons without children can have their benefits terminated after they have been on welfare for a total of two years in any five-year period, and families with children can have their benefits reduced after two years in any five-year period. More recent changes in the province's welfare regulations are expected to limit the impact of the policy to a relatively small number of people. Nonetheless, this policy sets a dangerous precedent and is one more reason for having minimum national standards for welfare.

How is it that welfare incomes for families on welfare remained so low – and actually decreased in most cases – in the years following the federal government's introduction of the National Child Benefit, especially when the federal government increased its support regularly?

First, the federal government allowed the provinces to claw back the National Child Benefit Supplement from parents unlucky enough to be forced to depend on welfare. Only Newfoundland and New Brunswick resisted the temptation from the outset. More recently, Nova Scotia, Quebec, Manitoba and Alberta decided to limit their clawback. This is progress, but seven provinces and territories still plan to take the money from the already painfully low welfare payments these families rely on.

Second, with the regular increases from the federal government to the National Child Benefit and a deal that allowed the provinces and territories to claw back part of the money, provinces and territories had absolutely no incentive to put in any of their own money by way of increases in welfare rates. Some provinces and territories actually did make minor increases, but welfare incomes for families still came nowhere near the poverty line.

Some would argue that clawing back part of the National Child Benefit from parents on welfare creates an incentive to work. The National Council of Welfare has no patience for that argument. The Council believes that it makes sense to provide incentives to work, but we do not believe taking money away from people on welfare is an acceptable approach. No one should be forced to live on incomes as low as the incomes we identify in this report. The Council believes welfare incomes must be at levels high enough to maintain people's health and dignity. Without decent incomes, the Council finds it hard to understand how people can be expected to participate in re-training and job searches to change their situations.

Unfortunately, *Welfare Incomes 2003* paints a disturbing picture of poverty in Canada. Welfare incomes which reach only one fifth or one third of the poverty line are unacceptably low and should be raised at the earliest possible date. Rates this low cannot be described as anything other than punitive and cruel.

I. WHAT IS WELFARE?

Social assistance or welfare is the income program of last resort in Canada. It provides money to individuals and families whose resources are inadequate to meet their needs and who have exhausted other avenues of support.

From 1966 to 1996, welfare fell under the terms of the Canada Assistance Plan (CAP), an arrangement that allowed the federal government to share the actual cost of welfare and selected social services with provinces and territories. The norm was 50-50 cost-sharing between these two levels of government.

The federal government scrapped CAP in 1996 and replaced it with the Canada Health and Social Transfer (CHST), a system of "block funding" that covered medicare and post-secondary education as well as welfare and social services. Federal payments under block funding are determined by a mathematical formula rather than actual spending by provincial and territorial governments. As of April 1, 2004, the CHST was split into one block fund for health and another block fund for the other three programs.

Funding for welfare was further complicated with the introduction of the National Child Benefit in 1998. The benefit consists of the basic Canada Child Tax Benefit (CCTB) and the National Child Benefit Supplement (NCBS). Some provinces and territories consider the NCBS part of the welfare payments for families with children and have reduced their own payments to families on welfare accordingly.

Although people talk about welfare as a single entity, there are really 14 welfare systems in Canada: one system in each province and territory – and yet another system for Aboriginal people who live on-reserve. Despite the fact that each is different, they have many common features. They have complex rules which regulate all aspects of the system, including eligibility for assistance, the rates of assistance, the amounts of other income recipients are allowed to keep, and the way in which applicants and recipients may question decisions regarding their cases.

The federal Department of Indian and Northern Affairs pays the entire cost of welfare and social services for Aboriginal people who live on-reserve, but the terms and conditions for receiving welfare and the amounts paid are determined by the province or territory where the reserve is located. The cost of welfare for Aboriginal people who live off-reserve is paid initially by provinces and territories but is covered in part by money received as block funding from the federal government.

This report deals only with the provincial and territorial welfare systems.

ELIGIBILITY

Eligibility for welfare is based on general administrative rules that vary widely throughout the country. For example, applicants must be of a certain age, usually between 18 and 65. Full-time students of post-secondary educational institutions qualify for assistance in some

provinces and territories only if they meet stringent conditions. In other provinces and territories, students cannot apply for assistance without leaving their studies. Parents must try to secure any court-ordered maintenance support to which they are entitled. People with a disability require medical certification of their conditions. Strikers are not eligible in most jurisdictions. Immigrants must try to obtain financial assistance from their sponsors.

Once applicants meet the administrative conditions, they go through a needs test. The welfare department compares the budgetary needs of an applicant and any dependants with the income and assets of the household. Budgetary needs – covering items such as food, shelter, clothing, household expenses, transportation and personal grooming items – are set by government regulation and may or may not reflect the actual cost of items in the marketplace. Welfare rights organizations and social planning councils across Canada have long complained that the actual costs of living are far higher than the amounts deemed by provinces and territories to be budgetary needs.

First, the needs test examines applicants' fixed and liquid assets. In most provinces and territories, fixed assets such as a principal residence, furniture and clothing are considered exempt. Most provinces and territories also exempt the value of a car, although some jurisdictions take into consideration factors such as the need for a private vehicle and the availability of public transportation. Property and equipment required for employment are generally considered exempt. Applicants are usually required to convert any non-exempt fixed assets into liquid assets and to use any non-exempt liquid assets for their ongoing needs before qualifying for welfare.

The limits on liquid assets – that is, cash, bonds and securities that are readily convertible to cash – appear in Table 1.1. The amounts vary by household size and employability. Where a household's liquid assets are higher than the amounts in Table 1.1, that household is not entitled to welfare until the excess is spent on approved needs. The amounts shown in Table 1.1 are the liquid asset exemption levels that were in effect in January 2003.

After welfare departments examine the fixed and liquid assets of welfare applicants, they identify all the sources of income for that household. Welfare departments generally consider that income from other sources such as employment, pensions and Employment Insurance is fully available for support of the household. Some types of income, such as the basic Canada Child Tax Benefit, but not the supplement, and the federal GST credit, are normally considered exempt in the determination of eligibility for welfare.

Finally, welfare departments subtract all non-exempt income from the total needs of the household. Applicants qualify for welfare if their household's needs are greater than the household's resources or if there is a budget surplus that is insufficient to meet the cost of a special need such as medications or disability-related equipment.

The needs test was the central eligibility criterion under the Canada Assistance Plan. Provinces and territories were required to use a needs test for welfare in order to qualify for federal cost-sharing and they were also required to provide welfare to all their residents who

were able to pass a needs test. The Canada Health and Social Transfer dropped the needs test as a requirement for federal funding. However, no province or territory has replaced its needs test.

British Columbia passed legislation to limit welfare entitlements for certain categories of recipients to no more than two years out of every five years. On April 1, 2004 these time limits began to affect some people on welfare in British Columbia. Predetermined time limits on the receipt of welfare would have been disallowed under the Canada Assistance Plan.

TABLE 1.1: LIQUID ASSET EXEMPTION LEVELS AS OF JANUARY 2003					
	Unemployable			Employable	
	Single Person	Single Parent, One Child	Single Person with Disability	Single Person	Family
NEWFOUNDLAND AND LABRADOR	$500	$1,500	$3,000[1]	$500	$1,500
PRINCE EDWARD ISLAND	N/A[2]	$1,200	$900	$50 to $200[3]	$50 to $2,400[4]
NOVA SCOTIA[5]	$500	$1,000	$500	Province generally requires applicants to exhaust liquid assets to meet basic needs.	
NEW BRUNSWICK	$1,000	$2,000	$3,000	$1,000	$2,000
QUEBEC[6]	$2,500	$2,839[7]	$2,500	$1,500	$2,934[8]
ONTARIO[9]	$520[10]	$5,500	$5,000	$520	Adult, one child: $1,457 Couple: $901 Couple, one child: $1,530 Each additional dependant child: $500

TABLE 1.1: LIQUID ASSET EXEMPTION LEVELS AS OF JANUARY 2003					
	Unemployable			Employable	
	Single Person	Single Parent, One Child	Single Person with Disability	Single Person	Family
MANITOBA	N/A[11]	$2,000	$2,000	$0 at enrolment $400 after enrollment[12]	$0 at enrolment $1,600 after enrolment
SASKATCHEWAN	$1,500	$3,000	$1,500	$1,500	Adult, one child: $3,000 Couple, two children: $4,000 Each additional dependant child: $500
ALBERTA	$1,500	$2,500	$1,500[13]	$50 cash plus the equivalent of $1,450 in cash assets	$250 cash plus the equivalent of $2,250 in cash assets
BRITISH COLUMBIA	$150 plus the value of one month of welfare	$250 plus the value of one month of welfare	$3,000[14]	$150 plus the value of one month of welfare[15]	$250 plus the value of one month of welfare[16]
YUKON[17]	$1,500	$2,500	$1,500	$500	Couple, two children: $1,600
NORTHWEST TERRITORIES	The director may determine that some assets should not be converted into cash for social or economic reasons and that they are therefore not considered as a personal resource.				

TABLE 1.1: LIQUID ASSET EXEMPTION LEVELS AS OF JANUARY 2003					
	Unemployable			Employable	
	Single Person	Single Parent, One Child	Single Person with Disability	Single Person	Family
NUNAVUT	The director may determine that some assets – such as those used in traditional activities – should not be converted into cash for social or economic reasons and that they are therefore not considered as a personal resource.				

Newfoundland and Labrador

[1] To qualify for a liquid asset exemption of $3,000 for a single disabled person or $5,500 for a family with a disabled person, the disabled person must require supportive services to aid independent living.

Prince Edward Island

[2] Single applicants were not considered unemployable unless they were disabled.

[3] The liquid asset exemption for anyone on short term assistance was $50. Unless a single person applying for assistance was clearly only in need of one or two months' help, the long term exemptions of $200 were applied at intake.

[4] Unless persons with dependants applying for assistance were in need of one or two months' help, the long term exemptions of $1,200 per couple and $300 for each child up to $2,400 were applied.

Nova Scotia

[5] In 2001, liquid asset exemption levels were decreased from $2,500 to $1,000 for an unemployable single parent and from $3,000 to $500 for an unemployable single person with disability.

Quebec

[6] Single persons and families had to divest themselves of some liquid assets to qualify for welfare, if their assets were above an amount set according to family size. Quebec reduced payments the first month on welfare if liquid assets exceeded a fixed threshold. Total assets excluded income received during the month of the application and intended for rent, heating and utilities costs.

[7] The exemption level for the single parent was $2,500 plus $339 for one child for a total of $2,839. If the single parent had severe limitations to working, the level was $5,000 plus $339 for the child for a total of $5,339. Amounts for children increased as of January 1, 2003.

[8] The exemption level for an employable couple was $2,500 plus $434 for two children, which totals $2,934. The exemption level for an employable couple with only one child was $2,500 plus $226 for a total of $2,726. Amounts for children increased as of January 1, 2003.

Ontario

[9] The "unemployable" category was the Ontario Disability Support Program; the "employable" category was Ontario Works. The Ontario Disability Support Program allowed assets to increase beyond the prescribed limits provided the funds were intended for the purchase of an approved disability-related item or service or an item or service necessary for the health of a member of the welfare recipient's family. The asset exemption level for a couple under the Ontario Disability Support Program was $7,500.

[10] Ontario considered single people employable until they provided medical evidence to establish eligibility for the Ontario Disability Support Program.

Manitoba

[11] Single applicants were not considered unemployable unless they were disabled.

[12] Employable single persons and families had to divest themselves of all liquid assets to qualify for welfare. After enrollment, the liquid asset exemptions were $400 for a single person and $1,600 for a couple with two children.

Alberta

[13] This rate refers to people who received welfare under the Supports for Independence program. Alberta granted an exemption of up to $3,000 for individuals without dependants and $5,000 plus $500 per dependant for families if a person was severely and permanently disabled and had high needs because of the costs of personal support services. Most people with severe disabilities received benefits under the Assured Income for the Severely Handicapped (AISH) program. AISH has an asset limit of $100,000 not including primary residence, personal belongings, a vehicle or a specially-adapted vehicle.

British Columbia

[14] BC allowed people with disabilities on welfare to keep up to $100,000 in total assets in trust if the assets were used for disability-related costs. If income taken out of the trust was not used for disability-related costs, BC treated it as non-exempt income.

[15] In the first month of welfare, BC subtracted cash assets exceeding $150 from the welfare payment.

[16] In the first month of welfare, BC subtracted cash assets exceeding $250 from the welfare payment.

Yukon

[17] The exemption level for employables applies to people on assistance for less than 90 days. Higher levels are permitted for those on assistance for more than 90 days.

RATES OF ASSISTANCE

Every province and territory uses a different method of calculating basic welfare which generally includes food, clothing, shelter, utilities, and an allowance for personal and household needs.

Applicants and recipients may be eligible for extra assistance in most provinces and territories if they have special needs such as medication, prosthetic devices, technical aids and equipment, special clothing or dental care. Welfare departments provide cash or in kind support in the form of vouchers, goods or services.

Sometimes applicants require assistance only for a special-needs item such as medication but they are able to provide for other basic needs from their own resources. In such cases, a province or territory may grant the specific amount that the household requires, provided that the applicants are eligible under the needs test.

Every province and territory has a list of special needs for which it will provide extra assistance. In some cases, only a portion of the cost of a particular item is paid. For example, the province or territory may reimburse a certain percentage of dental costs and the recipient is expected to pay the remaining amount.

Across Canada, welfare officials have some degree of discretion in deciding whether certain households qualify for special assistance under provincial or territorial welfare regulations. Discretion is both a strength and weakness of the welfare system. On one hand, welfare recognizes the fact that individuals may have ongoing or one-time special needs for which they require assistance. On the other hand, a person with special needs may be considered eligible for extra assistance by one welfare worker, but not by another.

Table 1.2 presents a national picture of estimated welfare incomes for 2003. The incomes shown are for the basic needs of four household types: a single employable person, a single person with a disability, a single-parent family with a two-year-old child, and a two-parent family with two children aged 10 and 15. When we calculated the welfare incomes, we assumed that each of the households went on welfare on January 1, 2003, and remained on welfare for the entire calendar year.

The figures in the table must be interpreted with caution. They are *estimates*. Welfare is a highly individualized program of income support, so every applicant could be eligible for a different amount of financial assistance because of the circumstances in his or her household. In addition, our calculations only consider cash income, since it is impossible for us to take into account the value of the services provided by a province or territory.

It is especially important to understand the meaning of the social assistance figures in the first column. These figures are both maximum and minimum amounts. They are *maximum* amounts in that they represent the highest level of welfare that a designated province or territory will provide to a given household unit for its basic living needs. These rates can be reduced for a number of reasons. For example, legislation in all jurisdictions allows welfare

authorities to reduce, cancel or suspend benefits if an employable recipient refuses a reasonable job offer, or quits a job without just cause. These figures are also *minimum* amounts in that they do not generally include special-needs assistance to which a given household may be entitled, such as costs related to a disability or the cost of searching for a job.

BASIC SOCIAL ASSISTANCE

The column called Basic Social Assistance in Table 1.2 shows the basic welfare that eligible households are entitled to have. Some of the welfare assistance earmarked for any children in a family appears in this column, but some is included in the amounts in columns 3 and 4, federal, provincial and territorial child benefits. The figures in the basic social assistance column also reflect the reduction in assistance caused by the clawback of the National Child Benefit Supplement (NCBS) that began in July 1998 in the jurisdictions that clawed back.

To ensure to the greatest extent possible the comparability of the data, we made a number of assumptions in calculating basic assistance. These assumptions concerning recipient households include where people lived, the ages of the children, the employability of the household head, the type of housing, case history and special assistance.

A. RESIDENCE

The welfare rates shown for each province or territory are for the largest municipal area. This is because shelter allowances vary by region in some jurisdictions and are the same everywhere in other jurisdictions. Some provinces and territories offer supplements to compensate welfare households living in remote areas for higher living costs.

B. AGES OF CHILDREN

Welfare rates for families with children in this report are based on the assumption that the child in the one-parent family is two years old and the children in the two-parent family are 10 and 15 years old. Some provinces and territories vary a family's entitlement with the age of each child in the household.

C. EMPLOYABILITY OF THE HOUSEHOLD HEAD

In Table 1.2, we assigned short-term rates of assistance – which are generally lower than long-term rates – to single employable individuals and couples with children in all jurisdictions. The rates for single parents are based on the employability classifications in each province and territory.

In all jurisdictions, we have based our calculations on the assumption that the person with a disability received welfare, not payments for special, long-term disability programs.

In most jurisdictions, a single parent with a two-year-old child would be considered unemployable or temporarily unavailable for work, but there are some notable exceptions. Alberta considers a single parent with a child six months old capable of pursuing an employment plan. Nova Scotia and Prince Edward Island consider a single parent available for work when the youngest child reaches the age of one. Saskatchewan has no fixed minimum age for pushing single parents towards work, but says parenting responsibilities are a factor in determining employability.

D. TYPE OF HOUSING

We assumed that the welfare households in this report are tenants in the private rental market rather than homeowners or social housing tenants. We also assumed that they did not share their accommodation. Most provinces and the three territories reduce welfare entitlements when recipient households live in subsidized housing or share their housing.

Where shelter allowances do not include the cost of utilities, we added the cost of utilities to the shelter rates. We used maximum shelter rates in all jurisdictions. We excluded additional shelter amounts that were discretionary.

E. CASE HISTORY

In order to calculate the rates for the full year for this report, we assumed that these four typical households started receiving welfare on January 1, 2003, and remained on assistance until the last day of the calendar year.

We calculated basic social assistance month by month for each category of recipient in each province and territory, taking into account increases or decreases in rates as of their effective dates within each year. We also assumed that welfare households did not have any income from paid work during the time they were on assistance.

F. SPECIAL ASSISTANCE

Welfare departments provide two kinds of assistance for special needs. Some supplementary allowances are paid automatically to recipients in certain groups, such as people with disabilities or parents with school-age children. These are the amounts that appear in the second column in Table 1.2. Examples of this type of special assistance include extra assistance for people with disabilities, money for school expenses, winter clothing allowances and Christmas allowances.

Welfare departments also provide a second kind of assistance for one-time special needs, including items such as funeral expenses, moving costs or emergency home repairs. We have not included this type of special assistance in this report because the special needs are established on a case-by-case basis by individual welfare workers. In some cases, approval is required from an administrator, director or designated professional such as a doctor.

We have incorporated special assistance in the second column of Table 1.2 only when welfare departments would automatically provide it to certain recipients. If the welfare recipient has to provide special reasons to qualify for this assistance, our figures exclude it.

NATIONAL CHILD BENEFIT

The third column of table 1.2 shows the money paid by the federal government under the National Child Benefit, which includes both the basic Canada Child Tax Benefit and the National Child Benefit Supplement.

The single parent with a two-year-old in all jurisdictions except Alberta received $2,768 during the calendar year 2003 and the couple with two older children received $4,869. Alberta asked the federal government to vary the payments according to the age of the children. The two welfare families in Alberta received $2,671 and $4,952 in 2003.

The federal government pays child benefits every month to all low-income families and many middle-income families with children under 18. The amounts increase every July 1. Details on the way benefits are calculated are contained in Appendix C and Appendix D at the end of this report.

PROVINCIAL AND TERRITORIAL CHILD BENEFITS

Newfoundland and Labrador, Nova Scotia, New Brunswick, Quebec, Saskatchewan, Alberta, British Columbia and all three territories provide benefits for children in addition to those provided by the federal government. Except for Quebec which administers its own benefits, all of the benefits are administered by the federal government on behalf of the provinces and territories and are paid monthly along with the National Child Benefit.

Because we assumed that welfare households did not have any income from paid work during the time they were on assistance, we did not consider any provincial or territorial program providing financial aid to a low-income earner such as the Ontario Child Care Supplement for Working Families or the Alberta Family Employment Tax Credit.

The Newfoundland and Labrador Child and Family Benefit was fully integrated with the federal child tax benefit which means it was delivered directly to families by the Canada Customs and Revenue Agency. For the first six months of 2003, it was $17 per month for one child and $43 per month for two children, then it was increased to $18 and $44 per month respectively.

The Nova Scotia Child Benefit was fully integrated with the Canada Child Tax Benefit. It was $445 per year for one child and $645 per year for the second child for a total of $1,090 per year for a family with two children.

The New Brunswick Child Tax Benefit was $20.83 per month per child.

In Quebec, the provincial Family Allowance provided $52.08 per month for each child and an extra $108 per month for a single-parent family.

The Saskatchewan Child Tax Benefit was $17.67 for the first six months of 2003 and was reduced to $3.50 for the last six months for the first child in a family. The second child in a family received $35.17 and $21.25 per month for the same time period.

In British Columbia, the BC Family Bonus for one child was $8.67 for the first six months and $1.58 for the last six months of 2003, after reducing for the National Child Benefit supplement. The second child in a family received $24.67 and $17.75 per month for the same time period. The couple received a Family Bonus Top-up Supplement of $1.17 per month between January and June 2003 and $1.25 between July and December 2003. This Top-up Supplement is designed to provide all children on welfare with the same amount per child of $116.42.

The Yukon Child Benefit provided a maximum of $300 per year for each child. The NWT Child Benefit was $330 per year per child and the Nunavut Child Benefit was $330 per year per child.

THE CLAWBACK OF THE NATIONAL CHILD BENEFIT SUPPLEMENT

Under the new system of federal child benefits that went into effect on July 1, 1998, the federal government pays a National Child Benefit to all low-income families and many middle-income families with children under 18. For low-income families, the entitlement is the sum of two individual calculations: a basic Canada Child Tax Benefit (CCTB) and a National Child Benefit Supplement (NCBS).

The original deal between the two levels of government was that families on welfare would have the National Child Benefit Supplement "clawed back" by provincial and territorial governments, and the money clawed back would be reinvested in other programs for families with children. Low-income families with children *not* on welfare would get to keep the entire National Child Benefit Supplement.

The clawback mechanisms varied from place to place. One option for provinces and territories was treating the National Child Benefit Supplement as non-exempt income and deducting an equivalent amount from the monthly welfare cheques they paid to families with children. Another option was simply reducing the amount paid by welfare by the amount of the Supplement. A third option was reducing the amount of provincial child benefits or family allowances where these programs existed.

Regardless of the mechanism actually used, the end result was that most families on welfare were no better off despite the substantial sums of new money provided by the federal government.

Newfoundland and Labrador and New Brunswick did not reduce basic social assistance when the supplement was introduced and have allowed families to benefit fully from the basic federal child tax benefit and the supplement. All other provinces and territories reduced their basic social assistance or child and family benefits every year for the first few years after the supplement was introduced.

A few provinces have since allowed at least some families on welfare to retain a portion of the supplement. But even then, these provinces allow families to keep only the money from more recent supplements. The overall welfare incomes for these families were already reduced because of the clawbacks in the past. These families did not benefit from the original value of the supplement.

Prince Edward Island treated the supplement as non-exempt income and subtracted the amount from basic social assistance.

Prior to August 2001, Nova Scotia treated the supplement as non-exempt income and subtracted it from basic social assistance. In August 2001, the province eliminated personal allowances for all children under 18 while deciding to allow welfare recipients to keep the full provincial and federal child tax benefits. The total amount of the provincial child tax benefit and the federal child tax benefit and supplement was not as large as the personal allowances were. As a result, both the single parent and the couple with two children on welfare lost income while the province touted its cessation of the clawback.

Prior to July 2001, Quebec reduced the family allowance by the full value of the supplement. As of July 2001, Quebec no longer deducted annual increases to the supplement from the family allowance for the single parent with a child age two. As of July 2002, Quebec no longer deducted annual increases to the supplement from the family allowance for the couple with children aged 10 and 15. The family allowance is now held at the July 2000 rate of $52.08 a month.

Ontario treated the supplement as non-exempt income and reduced basic social assistance by the full amount of the supplement each year.

Prior to July 2000, Manitoba treated the supplement as non-exempt income and subtracted it from basic social assistance for all families with children. From July 2000 to August 2001, a provincial supplement of $20 a month was added to the welfare payments of families with children under seven to compensate for the clawback of the federal supplement. Effective July 2001, the full amount of the NCBS was restored for children 6 years of age and under. Effective February 2003, Manitoba allowed families with children 11 years of age and under to keep the full amount of the NCBS. In 2003, Manitoba continued to reduce benefits for children aged 12 and over by the July 1999 rate of the National Child Benefit Supplement. As of February 2004, Manitoba allowed families with children aged 12 and over to keep the NCBS, although the 2004 changes will appear only in future editions of this report.

The Saskatchewan Child Tax Benefit was reduced by the full value of the supplement. Each year, as the federal payment increases, the provincial share decreases.

In Alberta, the federal supplement was deducted dollar for dollar from basic social assistance. In August 2003, Alberta stopped reducing welfare payments by the National Child Benefit supplement.

In British Columbia, the BC Family Bonus was reduced by the full value of the supplement. Each year, as the federal payment increases, the provincial share decreases.

In the Yukon, Northwest Territories and Nunavut, the supplement was treated as non-exempt income and deducted dollar for dollar from basic social assistance.

As a result of the clawback, the already complex system of welfare programs has become even more complicated. With all the new rules and variations in welfare across the country, it is now almost impossible for welfare recipients to be sure that they are receiving all the benefits to which they are entitled.

The National Council of Welfare is very concerned by the fact that the clawbacks to the Canada Child Tax Benefit supplement discriminate against families on welfare. Our 2001 report, *Child Poverty Profile 1998*, estimated that only 66 percent of poor families with children benefited from the federal child tax benefit between June 1998 and June 1999. Seventy-nine percent of poor two-parent families received the supplement, but only 57 percent of poor single-parent families were allowed to keep the supplement. As women head most single-parent families, we believe that this constitutes discrimination on the basis of gender.

GST CREDIT

The column for the Federal GST Credit shows the federal refundable credit for the Goods and Services Tax or, in the case of the Atlantic provinces, the federal portion of the Harmonized Sales Tax. The GST credit is paid quarterly if the family income was under $26,941 based upon 2001 tax year income and $27,749 based upon 2002 tax year income.

GST payments were received in January and April based upon 2001 tax year information and in July and October based upon 2002 tax year information. The four payments received in 2003 were worth a maximum of two payments at $53.25 each and two payments at $54 each per adult or the first child in a single-parent family for a total of $214.50. For other dependent children, the maximum was two payments at $28 each and two payments at $28.50 each for a total of $113.

Single adults also received an income-tested supplement in 2003 to a maximum of two payments at $28 each and two payments at $28.50 each for a total of $113 if their annual income was higher than $6,911 in 2001 or $7,022 in 2002.

PROVINCIAL TAX CREDITS

The tax credits in Column 6 are the provincial government refund of the Harmonized Sales Tax in Newfoundland and Labrador, the Sales and Property Tax Credits in Ontario and the Sales Tax Credit in British Columbia. The value of the Quebec Sales Tax Credit is included in the Quebec basic social assistance rate.

TABLE 1.2: ESTIMATED 2003 ANNUAL WELFARE INCOME BY TYPE OF HOUSEHOLD							
	Basic Social Assistance	Additional Benefits	Federal Child Tax Benefit[1]	Provincial/ Territorial Child Benefits	Federal GST Credit[2]	Provincial/ Territorial Tax Credits	Total Income
NEWFOUNDLAND AND LABRADOR[3]							
Single Employable	$7,140				$215	$40	$7,395
Person with a Disability	$7,140	$1,500			$248	$40	$8,928
Single Parent, One Child	$11,436		$2,768	$210	$542	$100	$15,056
Couple, Two Children	$11,916		$4,869	$522	$655	$200	$18,162
PRINCE EDWARD ISLAND[4]							
Single Employable	$5,940				$215		$6,155
Person with a Disability[5]	$7,800				$248		$8,048
Single Parent, One Child[6]	$10,020		$2,768		$542		$13,330
Couple, Two Children[7]	$14,118	$350	$4,869		$655		$19,991
NOVA SCOTIA							
Single Employable	$4,980				$215		$5,195
Person with a Disability	$8,580				$242		$8,822
Single Parent, One Child	$8,760		$2,768	$445	$542		$12,515
Couple, Two Children	$11,520		$4,869	$1,090	$655		$18,134

TABLE 1.2: ESTIMATED 2003 ANNUAL WELFARE INCOME BY TYPE OF HOUSEHOLD							
	Basic Social Assistance	Additional Benefits	Federal Child Tax Benefit[1]	Provincial/ Territorial Child Benefits	Federal GST Credit[2]	Provincial/ Territorial Tax Credits	Total Income
NEW BRUNSWICK							
Single Employable	$3,168				$215		$3,383
Person with a Disability	$6,696				$215		$6,911
Single Parent, One Child	$8,772	$900	$2,768	$250	$542		$13,232
Couple, Two Children	$9,828	$1,000	$4,869	$500	$655		$16,852
QUEBEC							
Single Employable[8]	$6,544				$215		$6,758
Person with a Disability[9]	$9,460				$254		$9,714
Single Parent, One Child[10]	$8,836		$2,768	$1,925	$542		$14,071
Couple, Two Children	$11,091	$199	$4,869	$1,250	$655		$18,063
ONTARIO							
Single Employable	$6,240				$215	$383	$6,838
Person with a Disability	$11,160				$298	$306	$11,765
Single Parent, One Child[11]	$10,106	$105	$2,768		$542	$396	$13,917
Couple, Two Children[12]	$12,019	$407	$4,869		$655	$522	$18,471

TABLE 1.2: ESTIMATED 2003 ANNUAL WELFARE INCOME BY TYPE OF HOUSEHOLD							
	Basic Social Assistance	Additional Benefits	Federal Child Tax Benefit[1]	Provincial/ Territorial Child Benefits	Federal GST Credit[2]	Provincial/ Territorial Tax Credits	Total Income
MANITOBA[13]							
Single Employable	$5,352				$215		$5,567
Person with a Disability	$7,157	$960			$238		$8,354
Single Parent, One Child[14]	$9,636		$2,768		$542		$12,946
Couple, Two Children [15]	$13,383		$4,869		$655		$18,907
SASKATCHEWAN[16]							
Single Employable	$5,940				$215		$6,155
Person with a Disability[17]	$7,487	$1,100			$246		$8,833
Single Parent, One Child[18]	$8,576		$2,768	$547	$542		$12,433
Couple, Two Children[19]	$12,288	$215	$4,869	$466	$655		$18,492
ALBERTA[20]							
Single Employable	$4,764	$60			$215		$5,039
Person with a Disability	$6,384	$1,136			$223		$7,743
Single Parent, One Child[21]	$8,484	$200	$2,671		$542		$11,897
Couple, Two Children[22]	$12,636	$395	$4,952		$655		$18,638

TABLE 1.2: ESTIMATED 2003 ANNUAL WELFARE INCOME BY TYPE OF HOUSEHOLD							
	Basic Social Assistance	Additional Benefits	Federal Child Tax Benefit[1]	Provincial/ Territorial Child Benefits	Federal GST Credit[2]	Provincial/ Territorial Tax Credits	Total Income
BRITISH COLUMBIA[23]							
Single Employable[24]	$6,120	$35			$215	$75	$6,445
Person with a Disability[25]	$9,437	$35			$265	$75	$9,812
Single Parent, One Child[26]	$10,147	$80	$2,768	$62	$542	$75	$13,673
Couple, Two Children[27]	$11,893	$190	$4,869	$330	$655	$150	$18,087
YUKON							
Single Employable	$11,990	$155			$317		$12,462
Person with a Disability	$11,990	$1,655			$328		$13,973
Single Parent, One Child[28]	$15,712	$548	$2,768	$300	$542		$19,870
Couple, Two Children[29]	$21,682	$685	$4,869	$323	$655		$28,213
NORTHWEST TERRITORIES [30]							
Single Employable	$12,515				$277		$12,792
Person with a Disability[31]	$16,115				$313		$16,428
Single Parent, One Child[32]	$18,007		$2,768	$330	$542		$21,647
Couple, Two Children[33]	$23,023		$4,869	$660	$655		$29,206

TABLE 1.2: ESTIMATED 2003 ANNUAL WELFARE INCOME BY TYPE OF HOUSEHOLD							
	Basic Social Assistance	Additional Benefits	Federal Child Tax Benefit[1]	Provincial/ Territorial Child Benefits	Federal GST Credit[2]	Provincial/ Territorial Tax Credits	Total Income
NUNAVUT							
Single Employable[34]	$10,148				$279		$10,427
Person with a Disability	$12,288				$321		$12,609
Single Parent, One Child[35]	$25,105		$2,361	$330	$542		$28,338
Couple, Two Children	$30,138		$2,958	$660	$578		$34,334

[1] Refers to the National Child Benefit which includes the basic Canada Child Tax Benefit and the National Child Benefit Supplement that were received between January 1 and December 31, 2003.

[2] The federal GST credit includes the quarterly payments received between January 1 and December 31, 2003.

Newfoundland and Labrador

[3] Individuals and families living in larger urban areas got additional assistance of up to $61 per month ($732 yearly) if the actual rent exceeded the basic shelter rate.

Prince Edward Island

[4] PEI increased shelter and local transportation rates effective April 1, 2003.

[5] PEI eliminated payments for two disability-related supports – personal care allowance and special care allowance – as part of standard welfare. People with disabilities could apply for the new Disability Support Program (DSP). These payments were not automatic and varied from person to person.

[6] An increase in the healthy child allowance took effect August 1, 2003. PEI continued to reduce the basic social assistance by the full amount of the National Child Benefit Supplement.

[7] An increase in the healthy child allowance took effect August 1, 2003. PEI continued to reduce the basic social assistance by the full amount of the National Child Benefit Supplement.

Quebec

[8] Quebec increased payments for applicants "without a limited capacity for employment" on January 1, 2003.

[9] Quebec increased payments for applicants "with a severely limited capacity for employment" on January 1, 2003.

[10] Quebec increased payments for applicants "with a temporarily limited capacity for employment" on January 1, 2003.

Ontario

[11] Ontario continued to reduce the basic social assistance by the full amount of the National Child Benefit Supplement.

[12] Ontario continued to reduce the basic social assistance by the full amount of the National Child Benefit Supplement.

Manitoba

[13] In 2003, Manitoba announced a monthly rate increase of $20 per adult for single adults, childless couples and all adults in the disabled and aged categories including spouses. This rate increase will come into effect in 2004 and will be included in future editions of this report.

[14] Manitoba stopped reducing basic social assistance by the amount of the National Child Benefit Supplement for children under seven effective July 1, 2001.

[15] In 2003, Manitoba continued to reduce benefits for children aged 12 and over by the July 1999 rate of the National Child Benefit Supplement. Effective February 2003, Manitoba allowed families with children 11 years of age and under to keep the full amount of the NCBS. Effective February 2004, Manitoba allowed families with children aged 12 and over to keep the full amount of the NCBS; this rate will be included in future editions of this report.

Saskatchewan

[16] An increase in utility rates is based upon actual average costs from January to December 2003.

[17] The Disabled Person's allowance increased from $40 to $50 as of May 1, 2003.

[18] The Saskatchewan Child Benefit was decreased by the full amount of the National Child Benefit Supplement. Saskatchewan also paid a Child Differential Allowance of $35 a month to the first child of a single parent.

[19] The Saskatchewan Child Benefit was decreased by the full amount of the National Child Benefit Supplement.

Alberta

[20] Alberta introduced a $20 monthly benefit supplement in June 2003 for the two families with children, but not the single employable.

[21] Effective August 2003, Alberta stopped reducing basic social assistance by the full amount of the National Child Benefit Supplement. The federal government provided the same basic federal child tax benefit to eligible families in all provinces and territories. The one exception is Alberta which asked the federal government to adjust the benefit depending upon the age of the child.

[22] Effective August 2003, Alberta stopped reducing basic social assistance by the full amount of the National Child Benefit Supplement. The federal government provided the same basic federal child tax benefit to eligible families in all provinces and territories. The one exception was Alberta which asked the federal government to adjust the benefit depending upon the age of the child.

British Columbia

[23] Effective January 2002, the BC sales tax credit increased from $50 to $75 for each tax filer.

[24] British Columbia eliminated the once in a lifetime benefit in the first month of assistance for the single employable person effective April 1, 2002 which took effect in 2003 for the purpose of our calculation.

[25] The single person with a disability in British Columbia for the purposes of this report was a person in the new "Persons with Disabilities" category. British Columbia also had another new category called "Persons with Persistent Multiple Barriers" that had a much lower monthly rate.

[26] The Family Bonus was reduced by the full amount of the National Child Benefit Supplement.

[27] The Family Bonus was reduced by the full amount of the National Child Benefit Supplement. A decrease in the shelter payment was also effective July 1, 2002.

Yukon

[28] The Yukon Child Benefit Program was introduced July 1, 1999 and was $300 per child per year if a family's income was less than $16,700 in the previous tax year. Yukon deducted two percent of income over $16,700 from the annual benefit for a single parent. Yukon reduced basic social assistance by the full amount of the National Child Benefit Supplement.

[29] The Yukon Child Benefit Program was introduced July 1, 1999 and was $300 per child per year if a family's income was less than $16,700 in the previous tax year. Yukon deducted five percent of income over $16,700 from the annual benefit of two-parent families. Yukon reduced basic social assistance by the full amount of the National Child Benefit Supplement.

Northwest Territories

[30] An increase in shelter payments took effect in January 2003. An increase in clothing amounts took effect on March 1, 2003 and an increase in food rates took effect in October 2003.

[31] An increase in the disabled allowance took effect May 1, 2002. An increase in shelter rates took effect in January 2003, an increase in clothing amounts took effect March 1, 2003, and an increase in food rates took effect October 2003.

[32] NWT continued to reduce basic social assistance by the full amount of the National Child Benefit Supplement.

[33] NWT continued to reduce basic social assistance by the full amount of the National Child Benefit Supplement.

Nunavut

[34] Nunavut paid a lower clothing allowance for the single employable applicant for the first two months of welfare.

[35] Nunavut continued to reduce basic social assistance by the full amount of the National Child Benefit Supplement. Due to the higher welfare incomes of Nunavut families, the National Child Benefit Supplement and the GST credit were paid at a lower level than the standard payment to families in other provinces and territories.

II. ADEQUACY OF BENEFITS

The welfare incomes in Table 1.2 for 2003 have not improved from the abysmally low levels reported in previous years. To demonstrate this trend, we compared them with the estimated poverty line for 2003. The results are shown in Table 2.1.

Each year, Statistics Canada calculates the low income cut-offs or LICOs for households of different sizes in communities of different sizes. They approximate levels of gross income where people are forced to spend much of their income on food, shelter and clothing. The poverty lines in this report are estimated and brought up to date using the Consumer Price Index.

The National Council of Welfare regards the low income cut-offs as poverty lines. Like any poverty lines, they have their limitations, but they are widely accepted as a benchmark for judging income adequacy in Canada. Other studies of poverty, especially local surveys using a "market basket" approach, have produced comparable results. The National Council of Welfare's *Poverty Profile* series discusses the issue of poverty lines in more depth. The Council's new report *Income for Living?* looked at what the new Market Basket Measure (MBM) and the existing commonly-used poverty line, LICO, tell us about the situation of low-income people in four provinces. *Income for Living?* compared welfare income with income from paid work for the same four household types used in *Welfare Incomes 2003*.

Some provincial governments maintain that the poverty lines are an especially imperfect measure of poverty when it comes to welfare incomes, because the lines are based on pre-tax income and welfare benefits are not taxable. In reality, most of the incomes in Table 2.1 are so low that there is little or no difference between taxable and non-taxable income. For example, single employable people in New Brunswick with a total welfare income of $3,383 (including federal and provincial tax credits) were abysmally poor by any standard. Even if they had income of this amount from earnings, they would have been exempt from income tax because their earnings were so low.

Some provinces and territories also contend that welfare income is intended to provide only the bare necessities of life, while the incomes at the level of the low income cut-offs are high enough to allow some discretionary spending as well. The National Council of Welfare has no sympathy for that argument. The fact is that the cut-offs already represent very low levels of income. The only "discretion" many welfare recipients have is how to cut back on food when the money starts running short toward the end of the month.

As Table 2.1 shows, no province had welfare rates consistently closer to the poverty lines than elsewhere. Rates in most provinces, especially rates for single employables, are far below the lines. Welfare incomes which reach only one fifth or one third of the poverty line are unacceptably low and should be raised at the earliest possible date. Rates this low cannot be described as anything other than punitive and cruel.

Column one of Table 2.1 shows the total welfare incomes of four different types of households in the ten provinces in 2003. The three territories are not included in this table

because they are specifically excluded from the Statistics Canada's survey used to generate the low income cut-offs.

Column two indicates the 2003 poverty line (Statistics Canada's low income cut-offs, 1992 base) for the largest city in each province. The poverty gap, or difference between the total welfare income and the poverty line, is shown in column three. The fourth column represents the total welfare income as a percentage of the poverty line, that is, total welfare income divided by the poverty line.

Welfare incomes for single employable people remained by far the least adequate during 2003. The welfare income for this household type ranged from a low of 20 percent of the poverty line in New Brunswick to a high of 44 percent of the poverty line in Newfoundland and Labrador.

Welfare incomes for single people with disabilities were the lowest in Alberta at 39 percent of the poverty line followed by New Brunswick at 41 percent and Manitoba at 42 percent of the poverty line. The highest rate observed was in Ontario at 59 percent of the poverty line in 2003.

Welfare incomes for single-parent families were the lowest in Alberta at 48 percent of the poverty line followed by Manitoba at 52 percent of the poverty line. The highest rate was in Newfoundland and Labrador where welfare incomes for this household type was at 71 percent of the poverty line in 2003.

Finally, the welfare incomes for two-parent families with two children were the lowest in Quebec at 48 percent of the poverty line followed by British Colombia at 49 percent, Ontario and Alberta at 50 percent, and then Manitoba at 51 percent of the poverty line. The highest rate for this household type was in Prince Edward Island with a rate of 63 percent of the poverty line in 2003.

TABLE 2.1: ADEQUACY OF 2003 BENEFITS				
	Total Welfare Income	Poverty Line	Poverty Gap	Total Welfare Income as % of Poverty Line
NEWFOUNDLAND AND LABRADOR				
Single Employable	$7,395	$16,979	-$9,585	44%
Person with a Disability	$8,928	$16,979	-$8,051	53%
Single Parent, One Child	$15,056	$21,224	-$6,168	71%
Couple, Two Children	$18,162	$31,952	-$13,791	57%
PRINCE EDWARD ISLAND				
Single Employable	$6,155	$16,862	-$10,708	36%
Person with a Disability	$8,048	$16,862	-$8,814	48%
Single Parent, One Child	$13,330	$21,077	-$7,747	63%
Couple, Two Children	$19,991	$31,731	-$11,740	63%
NOVA SCOTIA				
Single Employable	$5,195	$16,979	-$11,785	31%
Person with a Disability	$8,822	$16,979	-$8,157	52%
Single Parent, One Child	$12,515	$21,224	-$8,709	59%
Couple, Two Children	$18,134	$31,952	-$13,819	57%
NEW BRUNSWICK				
Single Employable	$3,383	$16,979	-$13,597	20%
Person with a Disability	$6,911	$16,979	-$10,069	41%
Single Parent, One Child	$13,232	$21,224	-$7,992	62%
Couple, Two Children	$16,852	$31,952	-$15,101	53%
QUEBEC				
Single Employable	$6,758	$19,795	-$13,037	34%
Person with a Disability	$9,714	$19,795	-$10,081	49%
Single Parent, One Child	$14,071	$24,745	-$10,674	57%
Couple, Two Children	$18,063	$37,253	-$19,190	48%

TABLE 2.1: ADEQUACY OF 2003 BENEFITS				
	Total Welfare Income	Poverty Line	Poverty Gap	Total Welfare Income as % of Poverty Line
ONTARIO				
Single Employable	$6,838	$19,795	-$12,957	35%
Person with a Disability	$11,765	$19,795	-$8,030	59%
Single Parent, One Child	$13,917	$24,745	-$10,828	56%
Couple, Two Children	$18,471	$37,253	-$18,782	50%
MANITOBA				
Single Employable	$5,567	$19,795	-$14,229	28%
Person with a Disability	$8,354	$19,795	-$11,441	42%
Single Parent, One Child	$12,946	$24,745	-$11,799	52%
Couple, Two Children	$18,907	$37,253	-$18,346	51%
SASKATCHEWAN				
Single Employable	$6,155	$16,979	-$10,825	36%
Person with a Disability	$8,833	$16,979	-$8,146	52%
Single Parent, One Child	$12,433	$21,224	-$8,791	59%
Couple, Two Children	$18,492	$31,952	-$13,460	58%
ALBERTA				
Single Employable	$5,039	$19,795	-$14,757	25%
Person with a Disability	$7,743	$19,795	-$12,052	39%
Single Parent, One Child	$11,897	$24,745	-$12,848	48%
Couple, Two Children	$18,638	$37,253	-$18,615	50%
BRITISH COLUMBIA				
Single Employable	$6,445	$19,795	-$13,351	33%
Person with a Disability	$9,812	$19,795	-$9,983	50%
Single Parent, One Child	$13,673	$24,745	-$11,072	55%
Couple, Two Children	$18,086	$37,253	-$19,167	49%

III. WELFARE AND AVERAGE INCOMES

The low level of financial support provided by social assistance is also evident when measured against total average incomes. Welfare provides only a portion of the level of income that most Canadians would consider normal or reasonable.

Table 3.1 compares the welfare incomes of our four typical households with average incomes for the appropriate household type in each province. These averages are based on 2001 data collected by Statistics Canada in the Survey of Labour and Income Dynamics, adjusted by the Consumer Price Index.

For the single employable person and the single person with a disability, we used average incomes in each province for unattached people under the age of 65. For single parents, we used the average incomes of single parents under 65 with children under 18. For the two-parent family, we used the average incomes of couples under 65 with children under 18.

Welfare incomes remain far, far below average. In 2003, the welfare income of a single employable person ranged in value from just 15 percent of the average income of other single people in New Brunswick to a high of 35 percent of the average incomes of single people in Newfoundland and Labrador.

The welfare income of a disabled person ranged from a low of 24 percent of the income of other single Albertans, to 43 percent of the average income of other single Newfoundlanders. The single parent in Alberta received 25 percent of the average income of other single parents in that province, while a single parent on welfare in Newfoundland received 48 percent of the average income of other single parents in the province.

The couple with two children on welfare in Ontario received only 20 percent – one fifth – of the average income of other Ontario families of the same size. The situation for the couples in Alberta and in British Columbia was comparable with only 22 percent of the average income of similar families in those provinces. The best a two-parent family on welfare did was 32 percent – only one third – of the average incomes of other two-parent families in Prince Edward Island.

TABLE 3.1: 2003 WELFARE INCOMES AS PERCENTAGE OF AVERAGE INCOMES			
	Welfare Income	Estimated Average Income	Welfare Income as % of Estimated Average Income
NEWFOUNDLAND AND LABRADOR			
Single Employable	$7,395	$20,936	35%
Person with a Disability	$8,928	$20,936	43%
Single Parent, One Child	$15,056	$31,589	48%
Couple, Two Children	$18,162	$64,126	28%
PRINCE EDWARD ISLAND			
Single Employable	$6,155	$21,926	28%
Person with a Disability	$8,048	$21,926	37%
Single Parent, One Child	$13,330	$33,182	40%
Couple, Two Children	$19,991	$62,216	32%
NOVA SCOTIA			
Single Employable	$5,195	$23,635	22%
Person with a Disability	$8,822	$23,635	37%
Single Parent, One Child	$12,515	$30,828	41%
Couple, Two Children	$18,134	$68,899	26%
NEW BRUNSWICK			
Single Employable	$3,383	$23,208	15%
Person with a Disability	$6,911	$23,208	30%
Single Parent, One Child	$13,232	$29,688	45%
Couple, Two Children	$16,852	$68,349	25%
QUEBEC			
Single Employable	$6,758	$28,027	24%
Person with a Disability	$9,714	$28,027	35%
Single Parent, One Child	$14,071	$36,476	39%
Couple, Two Children	$18,063	$76,410	24%

TABLE 3.1: 2003 WELFARE INCOMES AS PERCENTAGE OF AVERAGE INCOMES			
	Welfare Income	Estimated Average Income	Welfare Income as % of Estimated Average Income
ONTARIO			
Single Employable	$6,838	$34,417	20%
Person with a Disability	$11,765	$34,417	34%
Single Parent, One Child	$13,917	$42,948	32%
Couple, Two Children	$18,471	$93,014	20%
MANITOBA			
Single Employable	$5,567	$27,473	20%
Person with a Disability	$8,354	$27,473	30%
Single Parent, One Child	$12,946	$33,628	38%
Couple, Two Children	$18,907	$72,407	26%
SASKATCHEWAN			
Single Employable	$6,155	$26,455	23%
Person with a Disability	$8,833	$26,455	33%
Single Parent, One Child	$12,433	$31,784	39%
Couple, Two Children	$18,492	$73,823	25%
ALBERTA			
Single Employable	$5,039	$31,798	16%
Person with a Disability	$7,743	$31,798	24%
Single Parent, One Child	$11,897	$48,272	25%
Couple, Two Children	$18,638	$86,384	22%
BRITISH COLUMBIA			
Single Employable	$6,445	$32,047	20%
Person with a Disability	$9,812	$32,047	31%
Single Parent, One Child	$13,673	$34,247	40%
Couple, Two Children	$18,079	$83,808	22%

IV. PROVINCIAL AND TERRITORIAL BENEFITS OVER TIME

No other program of income support is as erratic as welfare. Every year, there are gains and losses that vary from one category of recipient to another and one jurisdiction to another. Table 4.1 summarizes the ups and downs of recent years, taking into consideration the impact of inflation. In all but two cases, the value of welfare incomes dropped between 2002 and 2003.

The figures consist of those benefits shown in Table 1.2 that are exclusively within provincial and territorial jurisdiction, in other words, total welfare incomes less the National Child Benefit and the GST credit. Comparable figures for other years were calculated from *Welfare in Canada: The Tangled Safety Net* and previous editions of *Welfare Incomes*.

Using the Consumer Price Index, all the dollar figures in Table 4.1 are expressed in constant 2003 dollars to factor out the effects of inflation and to show the real purchasing power of welfare benefits over time. There was an increase of 2.8 percent in the cost of living between 2002 and 2003. Therefore when the change from 2002 to 2003 appears as - 2.8 percent, it means that the welfare rates were frozen and welfare recipients lost 2.8 percent of their purchasing power to inflation. Due to rounding of the figures, this sometimes appears as - 2.7 percent. The percentages in the three columns of Table 4.1 show increases or decreases in real purchasing power over time.

The tables provide comparisons of provincial and territorial benefits from 1986 to 2003 for the single employable person, the single-parent family and the two-parent family. The National Council of Welfare did not include the single person with a disability in its original calculations of welfare incomes for 1986, so the comparison for this group is available from 1989 to 2003. The National Council of Welfare first estimated welfare incomes in Northwest Territories in 1993, so the table shows comparisons only since that time. The data for Nunavut began in 1999 when the territory was created.

Most provincial and territorial benefits went down slightly because benefits were not increased in line with the cost of living. However, there were also other reasons for the losses. One reason for higher-than-average losses among families with children was the increase in the National Child Benefit Supplement or NCBS from the federal government and the corresponding increase in the amount clawed back by some provincial and territorial governments. For example, the single parent with a two-year-old child normally got $2,633 from the NCBS in 2002 and $2,768 in 2003, an increase of $135 by 2003. That led to a reduction of $135 in provincial and territorial benefits in 2003 in jurisdictions that still did a full clawback of the NCBS.

In Newfoundland and Labrador, all recipients saw their welfare income decrease by the cost of living increase despite a slight increase in the provincial child benefit in July.

In Prince Edward Island, the value of provincial welfare incomes decreased for the single disabled person by 14.8 percent. Despite an increase of shelter and local transportation rates, the increasing cost of living combined with the fact that Prince Edward Island eliminated

payments for two disability-related supports as part of the standard welfare calculations caused a decrease in the overall welfare income for the single disabled person. The value of welfare decreased for the single parent with a two year old by 0.7 percent and for the couple with two children by 5.3 percent, reflecting the increasing cost of living combined with the provincial government's clawback of the supplement to the federal child tax benefit that were not sufficiently compensated by the increase to provincial rates in April 2003. The value of welfare increased by 0.4 percent for the single employable person due to slight increases in provincial welfare.

Nova Scotia and New Brunswick froze welfare rates, so all recipients lost the value of the cost of living.

In Quebec, the slight decrease in the value of the incomes of all family types was less than the cost of living because the province allowed a small increase in welfare benefits. Benefits for the single employable person and the disabled single person decreased by 1.2 percent. Benefits for the single parent and the couple decreased by 1.6 percent.

In Ontario, all four household types experienced a loss in the purchasing power of their welfare benefits. Benefits for the single employable and single disabled person dropped by the cost of living. Provincial benefits for the single parent with one child dropped by 3.8 percent and the couple with two children lost 4.4 percent. The larger drop for the two families with children occurs because of the clawback of the supplement to the federal child tax benefit.

In Manitoba, single employable people, single disabled people and single parents saw their welfare benefits depreciate by the cost of living due to the provincial government's freeze on benefits. The couple with two older children saw a slight increase of 1.3 percent which reflects Manitoba's decision to cease its clawback of the supplement to the federal child tax benefit for children 11 years of age and under as of February 2003.

All four household types in Saskatchewan experienced a loss in the purchasing power of their welfare benefits. The single employable and single disabled recipients saw a slight decrease in the value of welfare benefits by 0.5 and 1.0 percent respectively. The single parent saw a decrease of 4.4 percent and the couple saw their benefits depreciate by 3.7 percent. Saskatchewan slightly increased its utility rates based upon actual average costs for all household types. This almost offset the cost of living for the single employable and single disabled recipients. However, the single parent with a young child and the couple with older children suffered a larger reduction of the provincial child benefit program.

In Alberta, the single employable person saw a decrease in their income due to the increase in the cost of living. The single disabled person saw a slightly smaller decrease than the cost of living because of a benefit supplement introduced in June 2003. Alberta also gave this to the two families with children, but not the single employable. The single parent and the couple saw losses of 1.4 and 3.1 percent due to decreases in provincial welfare payments equal to the value of the federal government's supplement to the child tax benefit for the first six months of 2003.

In British Columbia, the disabled person lost 2.5 percent of their income. This is slightly less than the cost of living increase of 2.8 percent as there was an increase in the provincial tax credit. All other household types lost more than the cost of living reflecting a freeze to the provincial government welfare rates combined with other small cuts. The single employable saw a loss of 3.1 percent due to the elimination of a "once in a lifetime benefit in first month of assistance" effective April 2002. For the single parent, the loss was 4.6 percent and for the couple, 6.2 percent, reflecting the provincial government's clawback of the supplement to the federal child tax benefit.

In Yukon, the value of welfare benefits decreased for all of the household types. The single employable and the disabled person saw a decrease by the cost of living due to frozen benefit levels. The single parent saw a loss of 3.4 percent, and the couple saw a loss of 3.6 percent due to the clawback of their provincial benefits by the amount of the federal child tax benefit supplement combined with frozen benefits.

In the Northwest Territories, two household types saw an increase in the value of their benefits. For the single employable and disabled persons, the increases were the highest amongst all household types within the 13 jurisdictions at 5.6 percent and 5.4 percent. These increases were mainly due to increases for shelter that took effect in January 2003, for clothing that took effect in March 2003 and for food that took effect in October 2003. The single parent and couple households experienced decreases at 3.0 percent and 2.9 percent as the gains in general welfare payments were offset by the clawback of the supplement to the federal child tax benefit.

In Nunavut, all four household types experienced a slight decrease ranging from 2.8 percent for the single employable and the disabled persons to 3.2 percent for the single parent and 3.1 percent for the couple. Frozen welfare rates and the cost of living caused a drop in value for the single employable and the disabled persons. Nunavut reduced its contribution to the income of the two families on welfare by clawing back the value of the supplement to the federal child tax benefit. The supplement to the federal child benefit was slightly less than the supplement to families in other jurisdictions due to higher family incomes on welfare in the territory. As a result, the territorial clawback was also slightly smaller.

TABLE 4.1: PROVINCIAL AND TERRITORIAL WELFARE BENEFITS IN

	1986	1989	1990	1991	1992	1993	1994	1995	1996
NEWFOUNDLAND AND LABRADOR									
Single Employable	5,307	5,120	5,092	5,013	5,260	5,196	5,187	5,079	2,890
Person with a Disability		10,313	10,210	9,901	10,118	9,980	9,964	9,756	9,598
Single Parent, One Child	13,305	13,034	13,016	13,160	13,695	13,526	13,503	13,222	13,008
Couple, Two Children	15,391	15,078	15,050	14,566	14,822	14,635	14,611	14,306	14,075
PRINCE EDWARD ISLAND									
Single Employable	9,856	9,538	9,498	9,494	9,627	9,555	8,585	6,615	6,058
Person with a Disability		11,101	10,993	10,835	10,963	10,867	10,733	10,329	9,518
Single Parent, One Child	13,587	13,149	13,258	13,153	13,355	13,273	13,021	12,402	11,830
Couple, Two Children	19,910	19,585	19,592	19,704	19,939	19,782	19,403	18,623	17,178
NOVA SCOTIA									
Single Employable	7,244	8,079	7,711	7,333	7,221	7,091	7,079	6,931	6,840
Person with a Disability		10,635	10,572	10,418	10,273	10,088	10,244	10,059	9,896
Single Parent, One Child	12,545	12,927	12,837	12,683	12,680	12,452	12,629	12,397	12,197
Couple, Two Children	15,101	16,444	15,719	15,192	15,204	14,979	14,954	14,642	15,710
NEW BRUNSWICK									
Single Employable	3,570	3,864	3,807	3,726	3,728	3,675	3,698	3,635	3,617
Person with a Disability		10,124	9,969	9,678	9,686	9,622	7,549	7,523	7,488
Single Parent, One Child	10,724	10,475	10,315	10,085	10,156	10,184	10,604	11,125	11,057
Couple, Two Children	11,601	11,333	11,144	11,039	11,396	11,424	11,841	12,454	12,371
QUEBEC									
Single Employable	3,758	4,830	6,855	7,119	7,331	7,350	7,194	7,044	6,930
Person with a Disability		8,682	9,009	9,265	9,547	9,541	9,698	9,495	9,550
Single Parent, One Child	12,647	11,734	12,507	11,445	12,992	13,528	13,822	13,534	13,315
Couple, Two Children	16,346	15,324	14,999	15,439	15,960	16,430	16,215	15,878	15,620

2003 CONSTANT DOLLARS

1997	1998	1999	2000	2001	2002	2003	% Change 1986-2003	% Change 1989-2003	% Change 2002-2003
1,260	1,266	1,264	1,764	3,227	7,381	7,180	26.1%	28.7%	-2.8%
9,520	9,467	9,387	9,254	9,097	8,923	8,680		-18.8%	-2.8%
12,916	12,877	12,732	12,507	12,301	12,069	11,746	-13.3%	-11.0%	-2.7%
14,109	14,048	13,814	13,462	13,238	12,986	12,638	-21.8%	-19.3%	-2.8%
6,044	5,986	5,885	6,035	5,928	5,918	5,940	-65.9%	-60.6%	0.4%
9,332	9,242	9,086	9,152	8,967	8,956	7,800		-42.3%	-14.8%
11,338	10,888	10,270	10,343	10,052	10,089	10,020	-35.6%	-31.2%	-0.7%
17,227	16,491	15,455	15,766	15,262	15,238	14,468	-37.6%	-35.4%	-5.3%
5,035	4,986	4,842	4,715	4,846	5,119	4,980	-45.5%	-62.2%	-2.8%
9,742	9,648	9,485	9,236	8,478	8,820	8,580		-23.9%	-2.8%
12,007	11,691	11,238	10,826	9,757	9,463	9,205	-36.3%	-40.4%	-2.8%
15,909	15,422	14,164	13,864	14,162	12,963	12,610	-19.8%	-30.4%	-2.8%
3,602	3,567	3,507	3,415	3,330	3,257	3,168	-12.7%	-22.0%	-2.8%
7,576	7,540	7,412	7,218	7,037	6,883	6,696		-51.2%	-2.8%
11,188	11,174	10,986	10,696	10,428	10,200	9,922	-8.1%	-5.6%	-2.8%
12,693	12,760	12,545	12,211	11,906	11,645	11,328	-2.4%	0.0%	-2.8%
6,720	6,621	6,669	6,554	6,526	6,624	6,544	42.6%	26.2%	-1.2%
9,537	9,621	9,644	9,534	9,527	9,573	9,460		8.2%	-1.2%
12,611	12,187	11,669	11,093	10,879	10,935	10,761	-17.5%	-9.0%	-1.6%
14,820	14,290	13,485	12,921	12,655	12,735	12,540	-30.4%	-22.2%	-1.6%

TABLE 4.1: PROVINCIAL AND TERRITORIAL WELFARE BENEFITS IN

	1986	1989	1990	1991	1992	1993	1994	1995	1996
ONTARIO									
Single Employable	8,032	8,637	9,433	9,680	10,011	9,976	9,983	9,271	7,605
Person with a Disability		12,470	13,307	13,600	13,822	13,739	13,748	13,461	13,243
Single Parent, One Child	14,385	15,500	17,375	17,802	18,121	18,088	18,103	16,796	13,791
Couple, Two Children	17,906	19,560	22,797	23,222	23,721	23,654	23,455	21,627	17,819
MANITOBA									
Single Employable	7,969	8,270	8,380	8,279	8,446	8,306	7,732	7,582	7,011
Person with a Disability		8,993	8,878	8,731	10,733	9,663	9,588	9,388	9,237
Single Parent, One Child	12,312	12,069	11,926	11,727	12,986	11,646	11,554	11,313	11,130
Couple, Two Children	18,654	19,588	21,080	21,088	21,697	19,776	20,124	19,693	17,640
SASKATCHEWAN									
Single Employable	6,671	6,678	6,529	6,334	6,574	6,918	6,906	6,762	6,653
Person with a Disability		10,882	10,540	10,135	10,041	9,944	9,928	9,721	9,841
Single Parent, One Child	13,688	13,640	13,254	12,759	12,610	12,468	12,447	12,188	11,990
Couple, Two Children	19,202	18,925	18,380	17,669	17,957	17,706	17,745	17,379	17,097
ALBERTA									
Single Employable	9,493	6,599	6,297	6,848	6,898	6,500	5,669	5,551	5,461
Person with a Disability		8,162	7,787	8,201	8,145	7,905	7,875	7,734	7,609
Single Parent, One Child	13,900	12,374	11,807	12,391	12,357	11,861	11,021	10,791	10,616
Couple, Two Children	20,667	18,232	17,396	19,179	19,196	18,483	17,352	17,166	16,888
BRITISH COLUMBIA									
Single Employable	6,781	7,442	7,609	7,489	7,715	7,738	7,931	7,792	7,081
Person with a Disability		10,269	10,624	10,381	10,831	10,901	11,157	10,962	10,784
Single Parent, One Child	12,212	13,443	13,587	13,315	13,909	13,954	14,299	14,046	13,818
Couple, Two Children	16,679	16,790	16,909	16,520	17,598	17,697	18,234	17,913	17,623

2003 CONSTANT DOLLARS

1997	1998	1999	2000	2001	2002	2003	% Change 1986-2003	% Change 1989-2003	% Change 2002-2003
7,531	7,458	7,332	7,140	6,961	6,809	6,623	-21.3%	-30.4%	-2.8%
13,037	12,911	12,693	12,361	12,051	11,787	11,466		-8.8%	-2.8%
13,601	13,126	12,477	11,958	11,415	11,008	10,607	-35.6%	-46.1%	-3.8%
17,576	16,828	15,797	15,000	14,138	13,514	12,948	-38.3%	-51.1%	-4.4%
6,085	6,026	5,925	5,769	5,625	5,502	5,352	-48.9%	-54.5%	-2.8%
9,093	9,004	8,930	8,750	8,531	8,344	8,117		-10.8%	-2.8%
10,956	10,509	9,898	9,671	9,841	9,906	9,636	-27.8%	-25.3%	-2.8%
16,318	15,394	14,376	13,849	13,502	13,209	13,383	-39.4%	-46.4%	1.3%
5,994	5,955	6,133	6,091	6,066	5,971	5,940	-12.3%	-12.4%	-0.5%
8,796	8,794	9,033	8,902	8,854	8,672	8,587		-26.7%	-1.0%
11,804	10,458	10,498	10,192	9,880	9,526	9,123	-50.0%	-49.5%	-4.4%
15,850	15,243	15,224	14,513	14,012	13,442	12,968	-48.1%	-45.9%	-3.7%
5,408	5,432	5,340	5,200	5,070	4,959	4,824	-96.8%	-36.8%	-2.8%
7,522	7,526	7,592	7,956	7,756	7,587	7,520		-8.5%	-0.9%
10,538	10,341	10,050	9,668	9,187	8,805	8,684	-60.1%	-42.5%	-1.4%
16,705	16,289	15,480	14,954	14,110	13,439	13,031	-58.6%	-39.9%	-3.1%
6,971	6,904	6,787	6,663	6,570	6,426	6,230	-8.8%	-19.4%	-3.1%
10,616	10,513	10,336	10,148	10,008	9,789	9,547		-7.6%	-2.5%
13,546	13,075	12,433	12,026	11,669	10,839	10,363	-17.8%	-29.7%	-4.6%
17,235	16,499	15,489	14,824	14,224	13,336	12,556	-32.8%	-33.7%	-6.2%

TABLE 4.1: PROVINCIAL AND TERRITORIAL WELFARE BENEFITS IN

	1986	1989	1990	1991	1992	1993	1994	1995	1996
YUKON									
Single Employable	8,057	9,729	9,847	9,686	9,656	9,482	9,466	9,269	9,119
Person with a Disability		10,883	10,948	10,730	10,683	10,491	10,473	11,030	10,851
Single Parent, One Child	14,470	16,081	16,183	16,047	16,036	15,748	15,721	15,393	15,144
Couple, Two Children	22,170	24,141	23,983	23,984	24,173	23,738	23,698	23,204	22,829
NORTHWEST TERRITORIES									
Single Employable						13,576	13,553	13,271	12,969
Person with a Disability						15,378	15,352	15,032	15,048
Single Parent, One Child						23,016	22,978	22,499	22,030
Couple, Two Children						27,239	27,236	26,669	26,098
NUNAVUT									
Single Employable									
Person with a Disability									
Single Parent, One Child									
Couple, Two Children									

2003 CONSTANT DOLLARS

1997	1998	1999	2000	2001	2002	2003	% Change 1986-2003	% Change 1989-2003	% Change 2002-2003
12,444	12,324	12,116	11,799	12,659	12,485	12,145	33.7%	19.9%	-2.8%
14,150	14,013	13,777	13,416	14,236	14,027	13,645		20.2%	-2.8%
18,721	18,199	17,789	17,123	17,603	17,131	16,560	12.6%	2.9%	-3.4%
26,964	26,134	24,935	23,903	24,005	23,501	22,689	2.3%	-6.4%	-3.6%
8,186	8,400	9,408	9,162	9,176	11,812	12,515			5.6%
10,847	10,810	11,777	11,469	11,656	15,245	16,115			5.4%
19,279	19,061	20,060	19,333	18,733	18,895	18,337			-3.0%
25,849	25,872	26,316	25,229	24,195	24,359	23,683			-2.9%
		11,278	10,983	10,708	10,432	10,148			-2.8%
		13,603	13,246	12,915	12,632	12,288			-2.8%
		28,462	27,516	27,043	26,240	25,435			-3.2%
		33,659	32,380	32,869	31,739	30,798			-3.1%

Over the longer term, the clawback of the National Child Benefit Supplement has had perverse effects on total welfare incomes. As the NCBS increased year by year, the amount of money clawed back by provinces and territories also increased and the portion of welfare incomes actually paid by provincial and territorial governments decreased.

In effect, the clawback was a back-door way of transferring money from the federal government to the provinces and territories to help defray the costs of welfare. Under those conditions, provinces and territories had absolutely no incentive to put in any more of their own money by way of increases in welfare rates.

Figures 4.1 through 4.26 show the shifts in funding patterns for welfare over the years, particularly since the start of the National Child Benefit in 1998. The federal contribution to total welfare incomes through federal child benefits and GST/HST Credit, represented by the black portion of each of the bars in the charts, got progressively and more noticeably larger starting in 1998. Provincial and territorial contributions to total welfare incomes, represented by the white portion of each of the bars, got smaller and smaller. With few exceptions, the result has been that welfare recipients – the poorest of Canada's poor – have seen their total incomes stagnate or decline.

Even in Newfoundland and Labrador, one of the provinces that refused to go along with the clawback from the very beginning, the total income of the single parent with one child has been relatively flat in recent years. The total income of the couple with two children improved slightly from its modern-day low of $17,120 in 1997. Virtually all the increases since 1997 for the couple were due to increases in the National Child Benefit.

The provincial welfare income of the single parent with one child and the couple with two children in Prince Edward Island has been decreasing since 1994, mainly because this province has been subtracting the NCBS from the basic social assistance. The federal contribution has increased, showing an overall stagnation of income.

In Nova Scotia, the provincial income of the single parent has been decreasing since 1994. Almost all the increases in the total income of the single parent since 1997 have been due to increases in the National Child Benefit. The total income of the couple with two children has been relatively flat since 1996, with the exception of 2001, when the province stopped clawing back the NCBS but eliminated personal allowances.

Families on welfare in New Brunswick saw relatively little change in the value of their welfare incomes. Welfare payments rates stayed the same, so they decreased in value by the cost of living. However, since the provincial government never clawed back the supplement to the federal child benefit, total welfare incomes were protected.

The total welfare income of a single parent in Quebec reached a peak in 1994, then decreased until 2002, when it started again to increase due to a change in 2001 in how Quebec treated the NCBS. The total income of the couple reached a peak in 1993, and then decreased until 2002, and increased when Quebec changed its treatment of the NCBS. The provincial family allowances were frozen at the July 2000 rate and the value of provincial incomes has declined.

In Ontario, total welfare incomes for both family types dropped steadily since Ontario cut welfare drastically in October 1995. The federal portion of welfare incomes grew following the introduction of federal child benefits in 1998. However, Ontario's decision to claw back the supplement ensured that welfare families did not benefit from this federal increase.

Effective February 2003, Manitoba decided to cease the clawback to the supplement for children under twelve. As a result, couples with two children experienced a slight increase in its total welfare income by $297. This was the first increase since 1994 for this family type. The single-parent family saw an increase in its total welfare income in 2002 when Manitoba allowed families with younger children to keep the NCBS.

Between 1999 and 2003, the single-parent family and the couple in Saskatchewan saw an overall decrease in total welfare income because the provincial welfare benefits did not keep pace with the clawback of the supplement to the federal child benefit and increases in the cost of living.

The value of total welfare incomes in Alberta for the single-parent family and the couple family dropped steadily since 1993 with the exception of 1999 after the National Child Benefit was introduced. The provincial share of welfare decreased over that period.

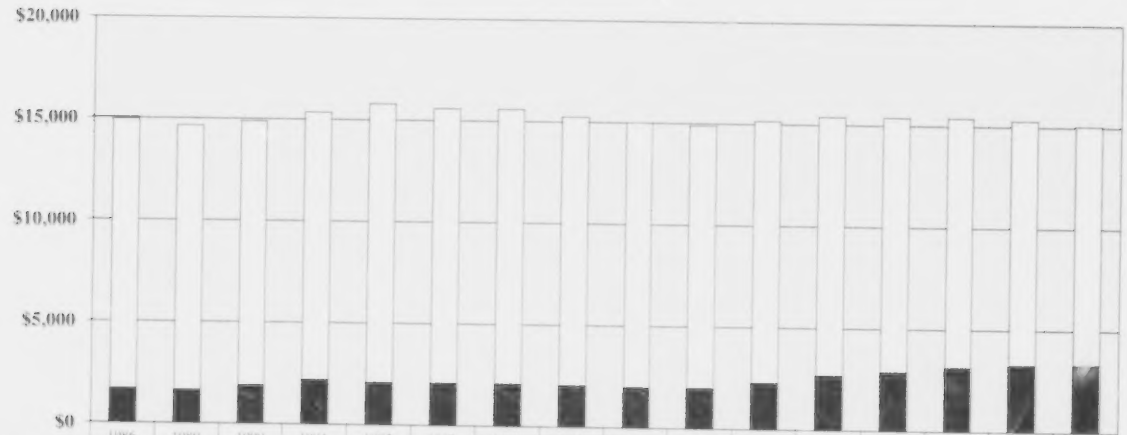
In constant dollars, the value of welfare for British Columbia families peaked in 1994 and dropped afterward, yet the federal share of incomes grew.

In Yukon, the value in constant dollars of welfare incomes peaked in 1997 for both families but declined afterward, mainly because Yukon reduced welfare income by the full amount of the NCBS.

Northwest Territories clawed back the value of the supplement to the federal child tax benefit from its introduction, so the total income of both the single parent and the couple with children have been relatively flat in recent years. When they occurred, increases to welfare were insufficient to offset the clawback's effect.

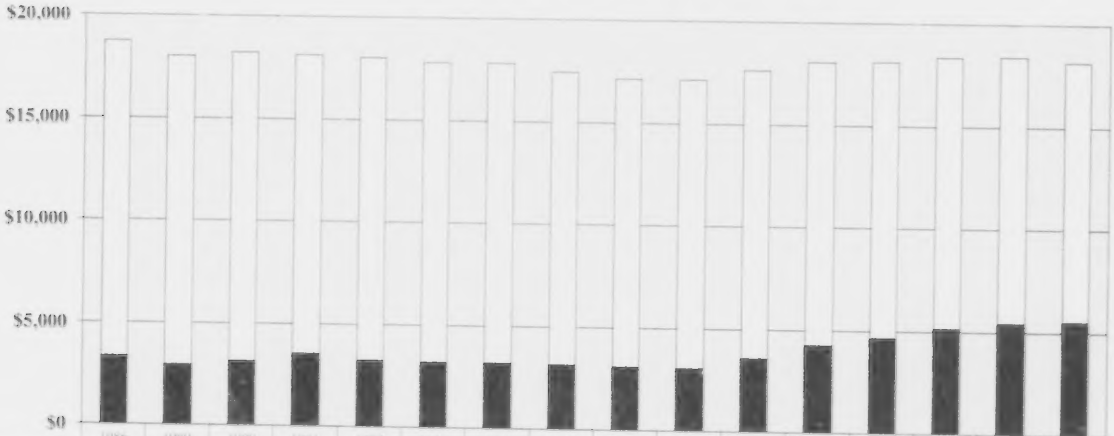
Nunavut clawed back the supplement to the federal child benefit by cutting welfare to families. As a result, in the five years since the territory was established, total welfare incomes for both family types shrunk. At the same time, the portion of welfare incomes supplied by the federal government has increased. Nunavut reduced its contribution to the income of the two families on welfare by clawing back the value of the supplement to the federal child tax benefit. The supplement to the federal child benefit was slightly less than the supplement to families in other jurisdictions due to higher family incomes on welfare in the territory. As a result, the territorial clawback was also slightly smaller.

Figure 4.1: Newfoundland & Labrador Welfare Income, Single Parent, One Child (2003 dollars)



	1986	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Provincial	$13,305	$13,034	$13,016	$13,160	$13,695	$13,526	$13,503	$13,222	$13,008	$12,916	$12,877	$12,732	$12,507	$12,301	$12,069	$11,746
Federal	$1,665	$1,638	$1,884	$2,175	$2,075	$2,071	$2,075	$2,027	$1,995	$1,964	$2,285	$2,682	$2,873	$3,118	$3,252	$3,310
TOTAL*	$14,969	$14,672	$14,900	$15,335	$15,771	$15,596	$15,578	$15,249	$15,002	$14,880	$15,162	$15,414	$15,380	$15,419	$15,320	$15,056

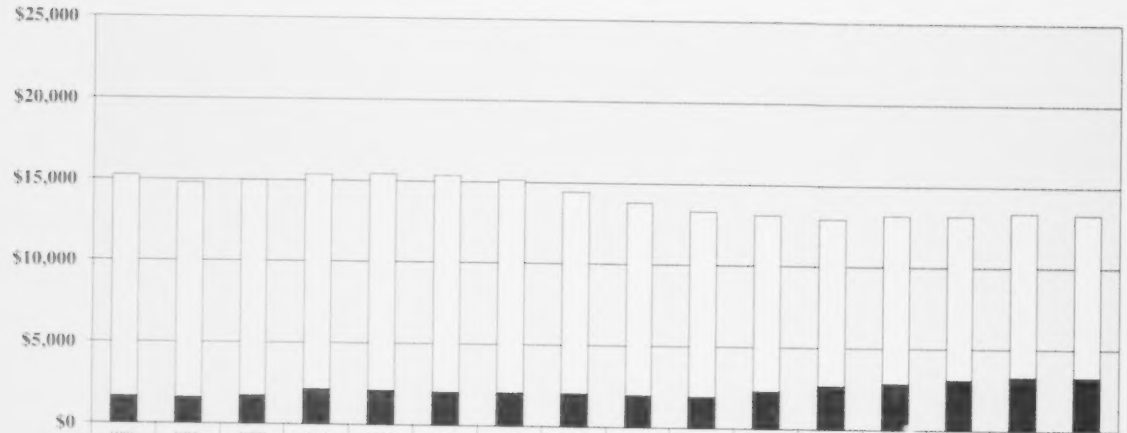
Figure 4.2: Newfoundland & Labrador Welfare Income, Couple, Two Children (2003 dollars)



	1986	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Provincial	$15,391	$15,078	$15,050	$14,566	$14,822	$14,635	$14,611	$14,306	$14,075	$14,109	$14,048	$13,814	$13,462	$13,238	$12,986	$12,638
Federal	$3,329	$2,910	$3,129	$3,519	$3,197	$3,160	$3,175	$3,109	$3,058	$3,011	$3,550	$4,249	$4,634	$5,127	$5,401	$5,524
TOTAL*	$18,720	$17,988	$18,180	$18,085	$18,018	$17,805	$17,786	$17,415	$17,133	$17,120	$17,598	$18,063	$18,096	$18,365	$18,387	$18,162

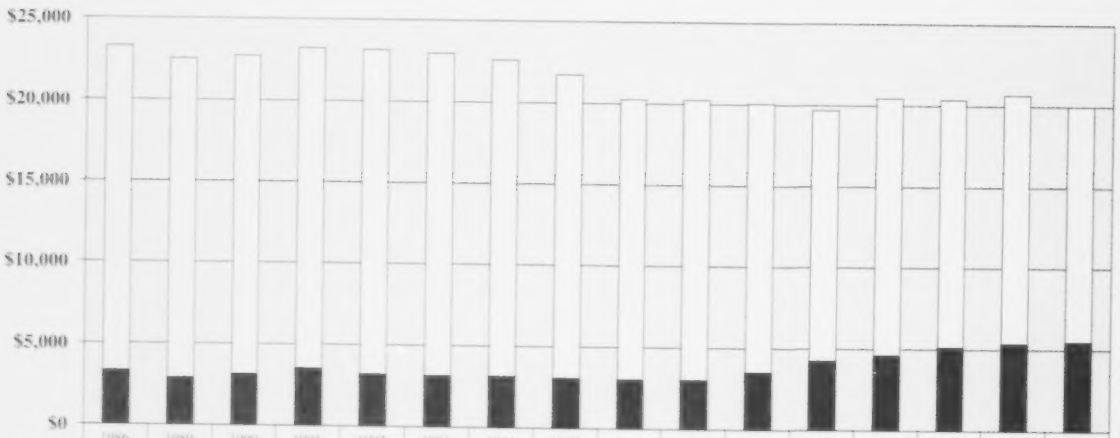
* Due to the effects of rounding, totals may not always add up.

Figure 4.3: Prince Edward Island Welfare Income, Single Parent, One Child (2003 dollars)



	1986	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Provincial	$13,587	$13,149	$13,258	$13,153	$13,355	$13,273	$13,021	$12,402	$11,830	$11,338	$10,888	$10,270	$10,343	$10,052	$10,089	$10,020
Federal	$1,665	$1,638	$1,727	$2,177	$2,078	$2,067	$2,069	$2,020	$1,982	$1,944	$2,259	$2,649	$2,855	$3,118	$3,252	$3,310
TOTAL*	$15,251	$14,787	$14,985	$15,330	$15,433	$15,340	$15,090	$14,423	$13,811	$13,282	$13,147	$12,919	$13,199	$13,170	$13,340	$13,330

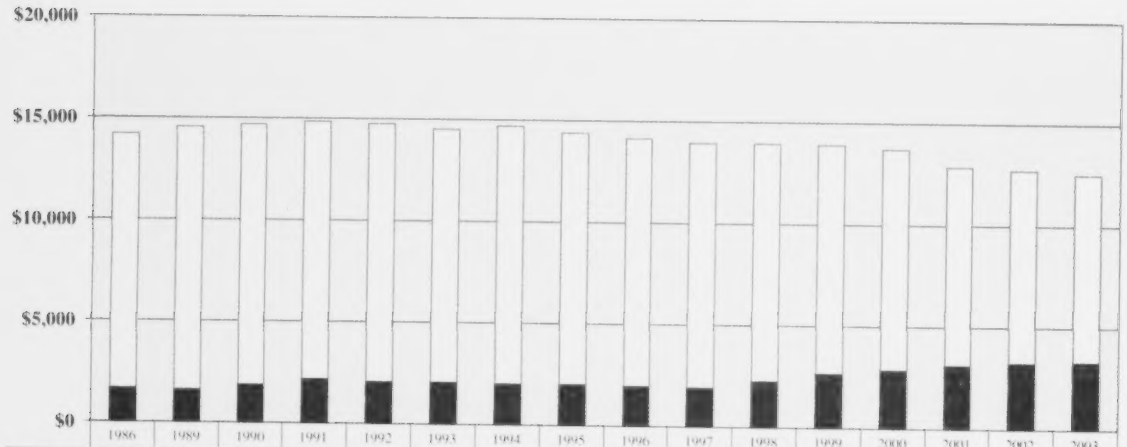
Figure 4.4: Prince Edward Island Welfare Income, Couple, Two Children (2003 dollars)



	1986	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Provincial	$19,910	$19,585	$19,592	$19,704	$19,936	$19,782	$19,403	$18,623	$17,178	$17,227	$16,491	$15,455	$15,766	$15,262	$15,238	$14,468
Federal	$3,329	$2,910	$3,129	$3,519	$3,197	$3,169	$3,175	$3,109	$3,058	$3,011	$3,550	$4,249	$4,634	$5,127	$5,401	$5,524
TOTAL*	$23,239	$22,495	$22,721	$23,223	$23,135	$22,951	$22,578	$21,732	$20,237	$20,237	$20,042	$19,703	$20,400	$20,388	$20,639	$19,991

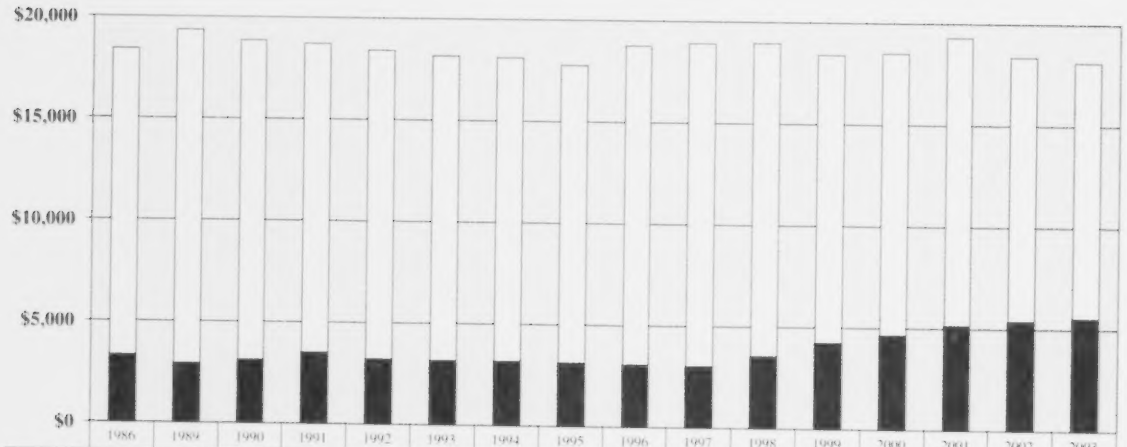
* Due to the effects of rounding, totals may not always add up.

Figure 4.5: Nova Scotia Welfare Income, Single Parent, One Child (2003 dollars)



	1986	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
□ Provincial	$12,545	$12,927	$12,837	$12,683	$12,680	$12,452	$12,629	$12,397	$12,197	$12,007	$11,691	$11,238	$10,826	$9,757	$9,463	$9,205
■ Federal	$1,665	$1,638	$1,883	$2,172	$2,069	$2,056	$2,054	$2,009	$1,979	$1,948	$2,270	$2,664	$2,863	$3,118	$3,252	$3,310
TOTAL*	**$14,210**	**$14,564**	**$14,721**	**$14,856**	**$14,749**	**$14,508**	**$14,683**	**$14,406**	**$14,175**	**$13,954**	**$13,960**	**$13,902**	**$13,689**	**$12,875**	**$12,714**	**$12,515**

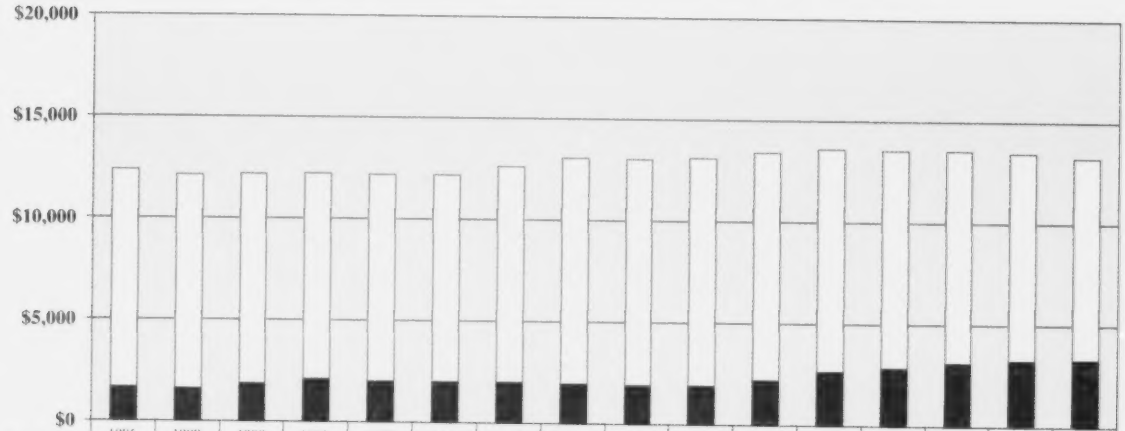
Figure 4.6: Nova Scotia Welfare Income, Couple, Two Children (2003 dollars)



	1986	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
□ Provincial	$15,101	$16,444	$15,719	$15,192	$15,204	$14,979	$14,954	$14,642	$15,710	$15,909	$15,422	$14,164	$13,864	$14,162	$12,963	$12,610
■ Federal	$3,329	$2,910	$3,129	$3,519	$3,197	$3,169	$3,175	$3,109	$3,058	$3,011	$3,550	$4,249	$4,634	$5,127	$5,401	$5,524
TOTAL*	**$18,430**	**$19,354**	**$18,848**	**$18,711**	**$18,401**	**$18,148**	**$18,129**	**$17,751**	**$18,769**	**$18,920**	**$18,972**	**$18,413**	**$18,498**	**$19,288**	**$18,364**	**$18,134**

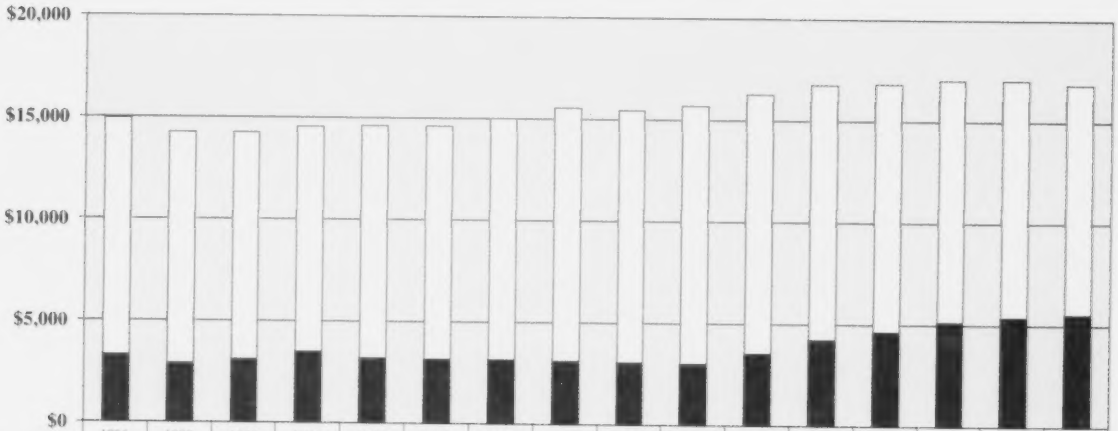
* Due to the effects of rounding, totals may not always add up.

Figure 4.7: New Brunswick Welfare Income, Single Parent, One Child (2003 dollars)



	1986	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
□ Provincial	$10,724	$10,475	$10,315	$10,085	$10,156	$10,184	$10,604	$11,125	$11,057	$11,188	$11,174	$10,986	$10,696	$10,428	$10,200	$9,922
■ Federal	$1,665	$1,638	$1,872	$2,137	$2,020	$2,006	$2,007	$1,966	$1,946	$1,924	$2,250	$2,651	$2,858	$3,118	$3,252	$3,310
TOTAL*	**$12,389**	**$12,113**	**$12,187**	**$12,223**	**$12,176**	**$12,190**	**$12,611**	**$13,091**	**$13,003**	**$13,112**	**$13,425**	**$13,637**	**$13,554**	**$13,546**	**$13,451**	**$13,232**

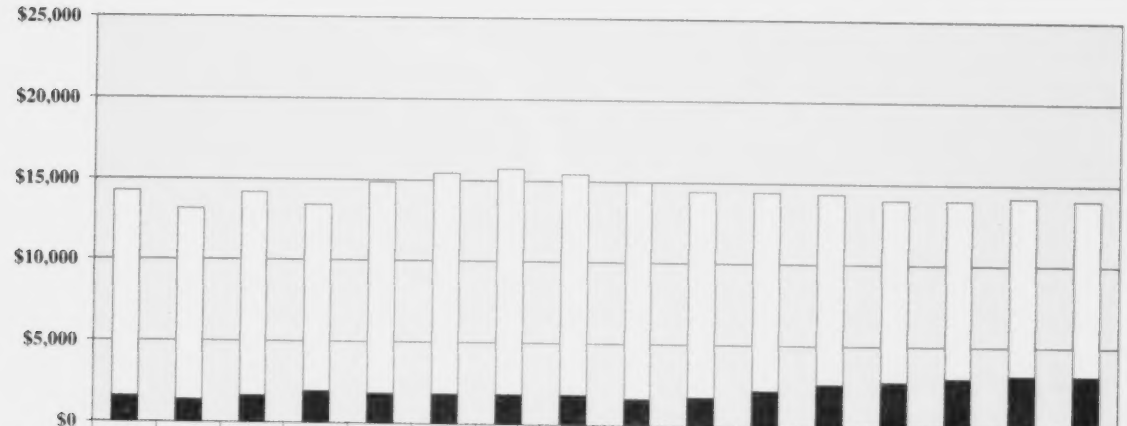
Figure 4.8: New Brunswick Welfare Income, Couple, Two Children (2003 dollars)



	1986	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
□ Provincial	$11,601	$11,333	$11,144	$11,039	$11,396	$11,424	$11,841	$12,454	$12,371	$12,693	$12,760	$12,545	$12,211	$11,906	$11,645	$11,328
■ Federal	$3,329	$2,910	$3,129	$3,519	$3,197	$3,169	$3,175	$3,109	$3,058	$3,011	$3,550	$4,249	$4,634	$5,127	$5,401	$5,524
TOTAL*	**$14,930**	**$14,243**	**$14,273**	**$14,557**	**$14,593**	**$14,593**	**$15,016**	**$15,563**	**$15,430**	**$15,704**	**$16,310**	**$16,793**	**$16,846**	**$17,032**	**$17,046**	**$16,852**

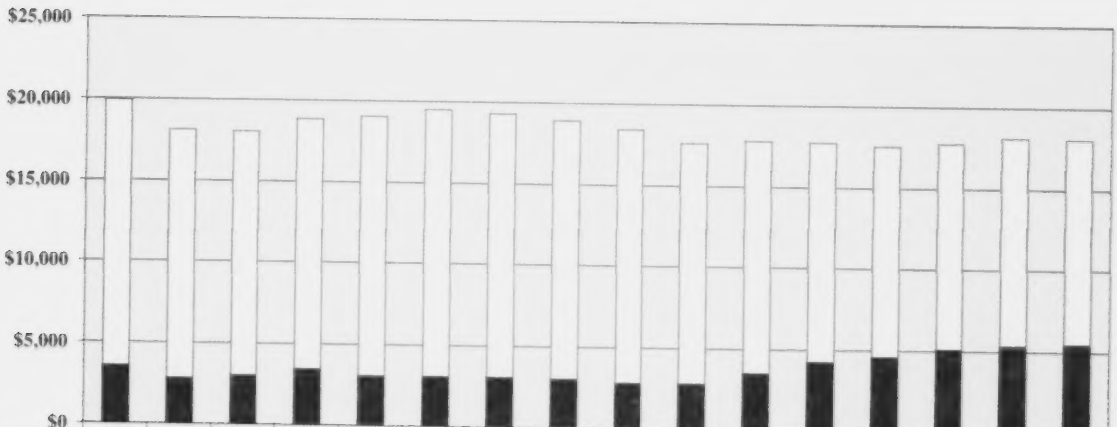
* Due to the effects of rounding, totals may not always add up.

Figure 4.9: Quebec Welfare Income, Single Parent, One Child (2003 dollars)



	1986	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Provincial	$12,647	$11,734	$12,507	$11,445	$12,992	$13,528	$13,822	$13,534	$13,315	$12,611	$12,187	$13,669	$11,093	$10,879	$10,935	$10,761
Federal	$1,605	$1,443	$1,689	$1,962	$1,876	$1,869	$1,881	$1,851	$1,653	$1,795	$2,201	$2,675	$2,868	$3,118	$3,252	$3,310
TOTAL*	**$14,252**	**$13,177**	**$14,196**	**$13,407**	**$14,868**	**$15,397**	**$15,703**	**$15,385**	**$14,968**	**$14,406**	**$14,388**	**$14,344**	**$13,960**	**$13,997**	**$14,186**	**$14,071**

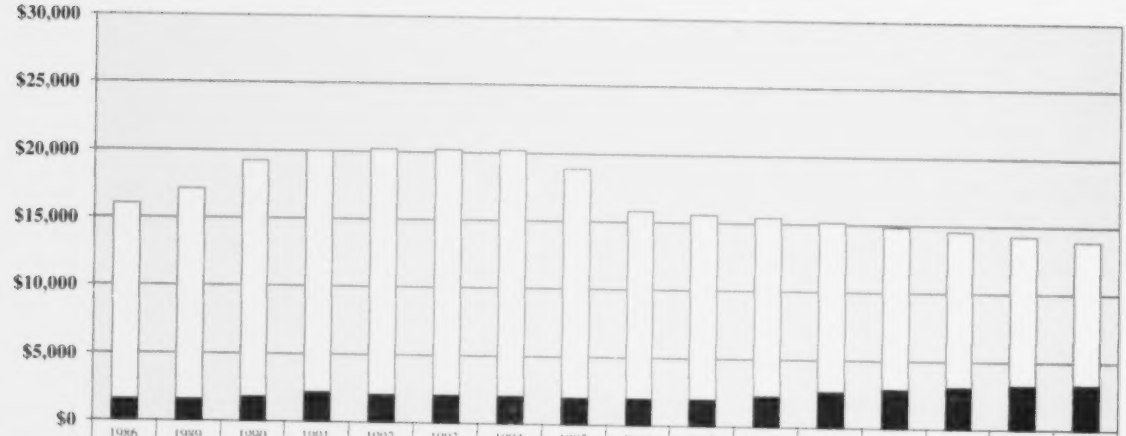
Figure 4.10: Quebec Welfare Income, Couple, Two Children (2003 dollars)



	1986	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Provincial	$16,346	$15,324	$14,999	$15,439	$15,960	$16,430	$16,215	$15,878	$15,620	$14,820	$14,290	$13,485	$12,921	$12,655	$12,735	$12,540
Federal	$3,594	$2,822	$3,044	$3,437	$3,114	$3,088	$3,094	$3,028	$2,841	$2,816	$3,512	$4,249	$4,634	$5,127	$5,401	$5,524
TOTAL*	**$19,940**	**$18,146**	**$18,043**	**$18,876**	**$19,074**	**$19,517**	**$19,309**	**$18,906**	**$18,462**	**$17,636**	**$17,802**	**$17,734**	**$17,556**	**$17,782**	**$18,136**	**$18,063**

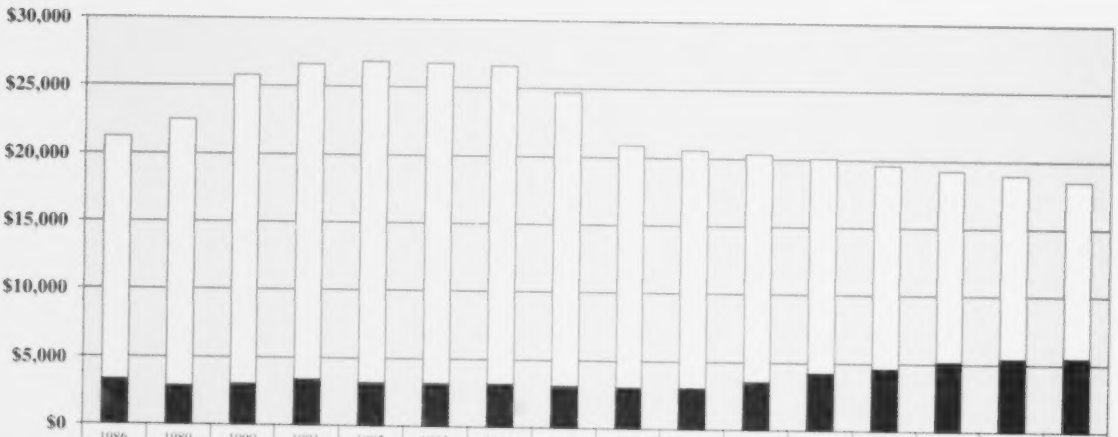
* Due to the effects of rounding, totals may not always add up.

Figure 4.11: Ontario Welfare Income, Single Parent, One Child (2003 dollars)



	1986	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
□ Provincial	$14,385	$15,500	$17,375	$17,802	$18,121	$18,088	$18,103	$16,796	$13,791	$13,601	$13,126	$12,477	$11,958	$11,415	$11,008	$10,607
■ Federal	$1,665	$1,638	$1,892	$2,192	$2,091	$2,076	$2,082	$2,038	$2,005	$1,973	$2,293	$2,685	$2,873	$3,118	$3,252	$3,310
TOTAL*	**$16,050**	**$17,138**	**$19,266**	**$19,994**	**$20,213**	**$20,164**	**$20,184**	**$18,833**	**$15,796**	**$15,573**	**$15,419**	**$15,162**	**$14,831**	**$14,533**	**$14,260**	**$13,917**

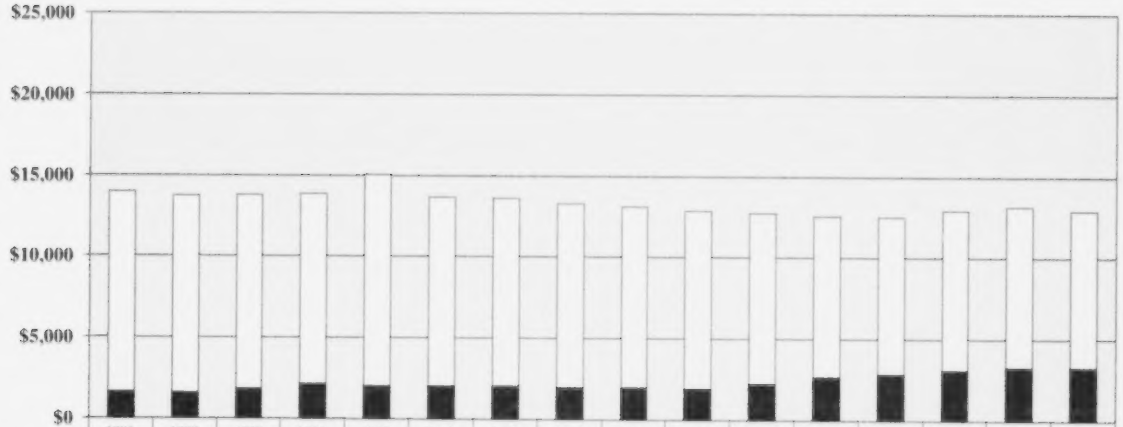
Figure 4.12: Ontario Welfare Income, Couple, Two Children (2003 dollars)



	1986	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
□ Provincial	$17,906	$19,560	$22,797	$23,222	$23,721	$23,654	$23,455	$21,627	$17,819	$17,576	$16,828	$15,797	$15,080	$14,138	$13,514	$12,948
■ Federal	$3,329	$2,910	$3,017	$3,447	$3,197	$3,169	$3,175	$3,109	$3,058	$3,011	$3,550	$4,249	$4,634	$5,127	$5,401	$5,524
TOTAL*	**$21,235**	**$22,470**	**$25,814**	**$26,668**	**$26,918**	**$26,823**	**$26,629**	**$24,736**	**$20,878**	**$20,587**	**$20,378**	**$20,046**	**$19,634**	**$19,265**	**$18,915**	**$18,471**

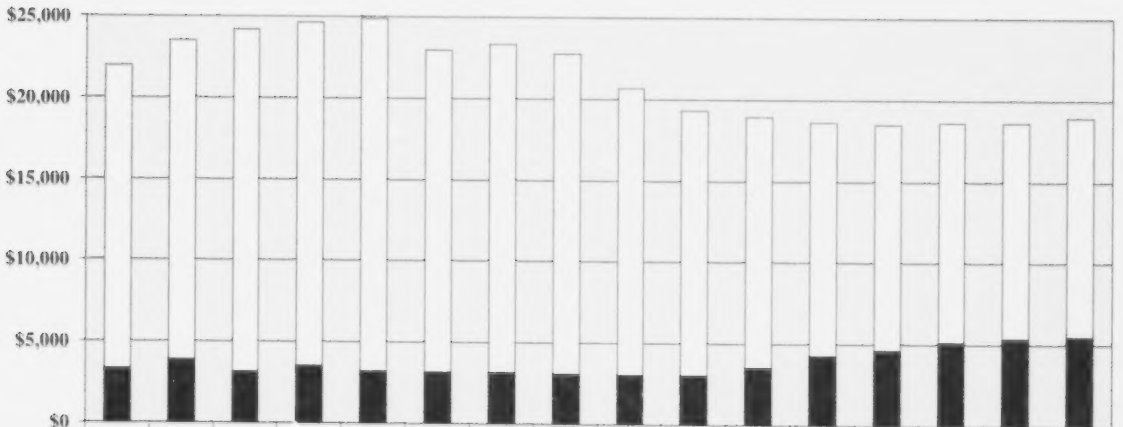
* Due to the effects of rounding, totals may not always add up.

Figure 4.13: Manitoba Welfare Income, Single Parent, One Child (2003 dollars)



	1986	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
□ Provincial	$12,312	$12,069	$11,926	$11,727	$12,986	$11,646	$11,554	$11,313	$11,130	$10,956	$10,509	$9,898	$9,671	$9,841	$9,906	$9,636
■ Federal	$1,665	$1,638	$1,874	$2,142	$2,030	$2,028	$2,039	$1,980	$1,958	$1,927	$2,249	$2,642	$2,852	$3,118	$3,252	$3,310
TOTAL*	**$13,977**	**$13,707**	**$13,800**	**$13,869**	**$15,016**	**$13,674**	**$13,592**	**$13,303**	**$13,087**	**$12,883**	**$12,758**	**$12,540**	**$12,522**	**$12,959**	**$13,157**	**$12,946**

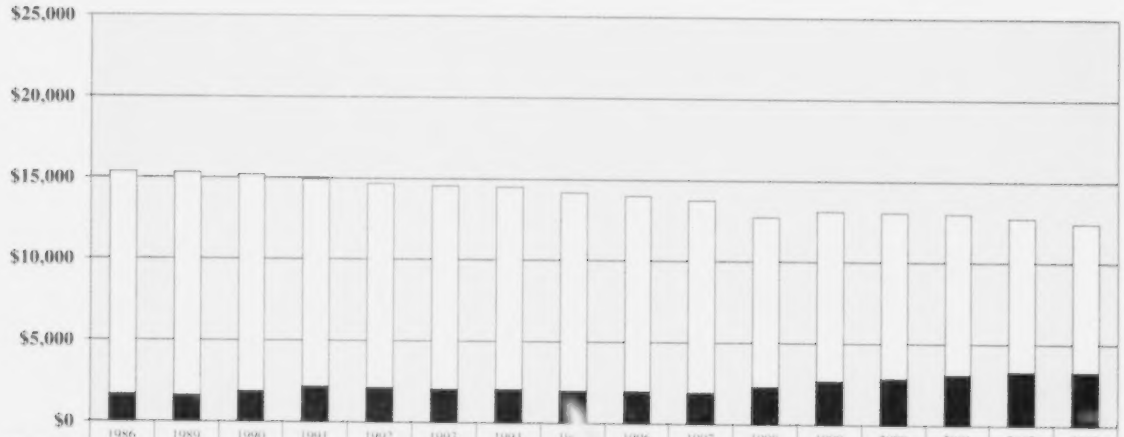
Figure 4.14: Manitoba Welfare Income, Couple, Two Children (2003 dollars)



	1986	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
□ Provincial	$18,654	$19,588	$21,080	$21,088	$21,697	$19,776	$20,124	$19,693	$17,640	$16,318	$15,394	$14,376	$13,849	$13,502	$13,209	$13,383
■ Federal	$3,329	$3,899	$3,129	$3,519	$3,197	$3,169	$3,175	$3,109	$3,058	$3,011	$3,550	$4,249	$4,634	$5,127	$5,401	$5,524
TOTAL*	**$21,984**	**$23,487**	**$24,209**	**$24,607**	**$24,894**	**$22,946**	**$23,299**	**$22,801**	**$20,699**	**$19,329**	**$18,945**	**$18,625**	**$18,483**	**$18,629**	**$18,610**	**$18,907**

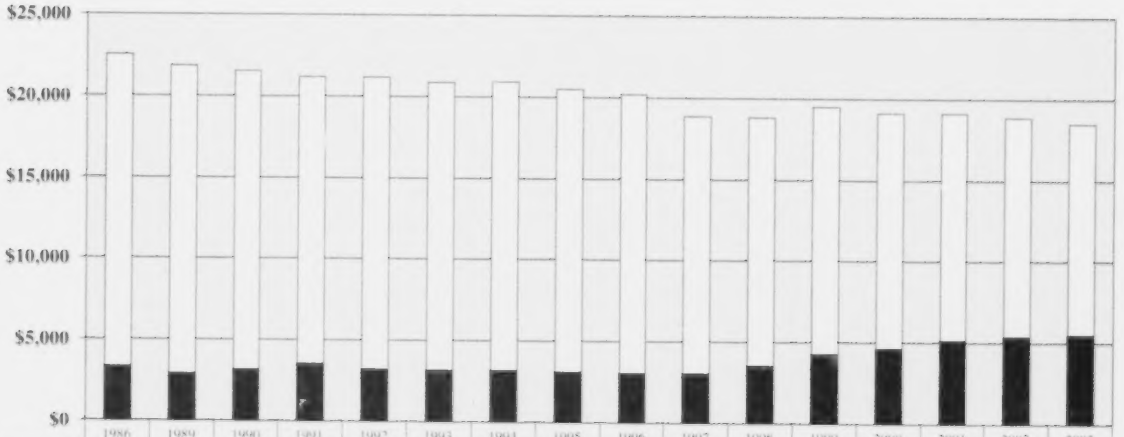
* Due to the effects of rounding, totals may not always add up.

Figure 4.15: Saskatchewan Welfare Income, Single Parent, One Child (2003 dollars)



	1986	1989	1990	1991	1992	1993	1994	19	1996	1997	1998	1999	2000	2001	2002	2003
□ Provincial	$13,688	$13,640	$13,254	$12,759	$12,610	$12,468	$12,447	$12,188	$11,990	$11,804	$10,458	$10,498	$10,192	$9,880	$9,526	$9,123
■ Federal	$1,665	$1,638	$1,887	$2,179	$2,074	$2,056	$2,054	$2,007	$1,975	$1,944	$2,266	$2,650	$2,851	$3,118	$3,252	$3,310
TOTAL*	$15,353	$15,278	$15,141	$14,938	$14,685	$14,523	$14,501	$14,195	$13,965	$13,747	$12,723	$13,147	$13,043	$12,998	$12,778	$12,433

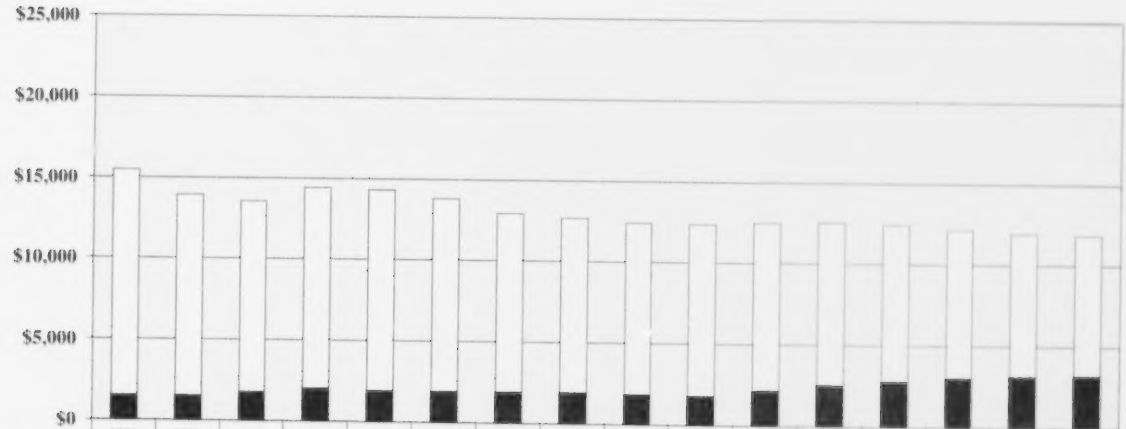
Figure 4.16: Saskatchewan Welfare Income, Couple, Two Children (2003 dollars)



	1986	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
□ Provincial	$19,202	$18,925	$18,380	$17,669	$17,957	$17,706	$17,745	$17,379	$17,097	$15,850	$15,243	$15,224	$14,513	$14,012	$13,442	$12,968
■ Federal	$3,329	$2,910	$3,129	$3,519	$3,197	$3,169	$3,175	$3,109	$3,058	$3,011	$3,550	$4,249	$4,634	$5,127	$5,401	$5,524
TOTAL*	$22,532	$21,836	$21,510	$21,187	$21,154	$20,876	$20,920	$20,487	$20,156	$18,861	$18,793	$19,472	$19,148	$19,139	$18,843	$18,492

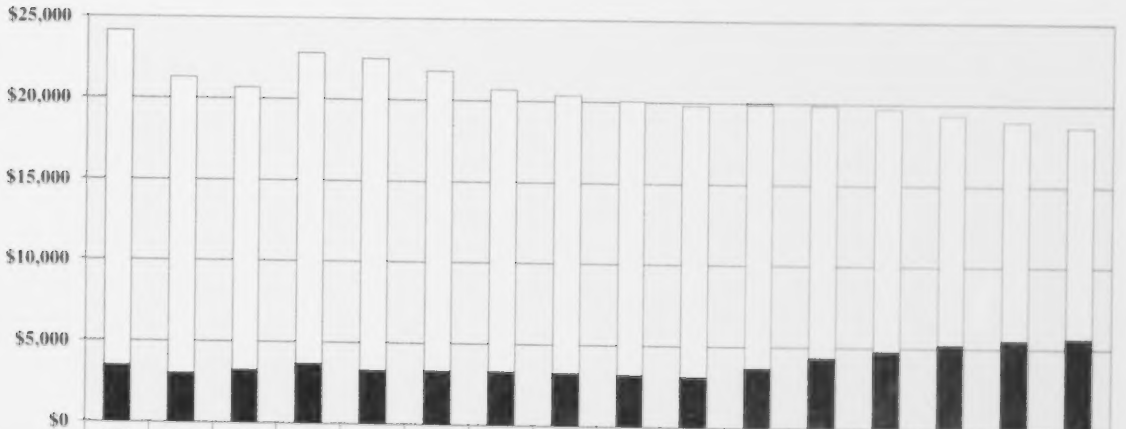
* Due to the effects of rounding, totals may not always add up.

Figure 4.17: Alberta Welfare Income, Single Parent, One Child (2003 dollars)



	1986	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Provincial	$13,900	$12,374	$11,807	$12,391	$12,357	$11,861	$11,021	$10,791	$10,636	$10,538	$10,341	$10,050	$9,668	$9,187	$8,805	$8,684
Federal	$1,541	$1,524	$1,770	$2,053	$1,948	$1,943	$1,941	$1,888	$1,850	$1,820	$2,144	$2,542	$2,758	$3,025	$3,155	$3,213
TOTAL*	$15,441	$13,898	$13,577	$14,444	$14,305	$13,804	$12,962	$12,679	$12,466	$12,358	$12,485	$12,593	$12,426	$12,212	$11,960	$11,897

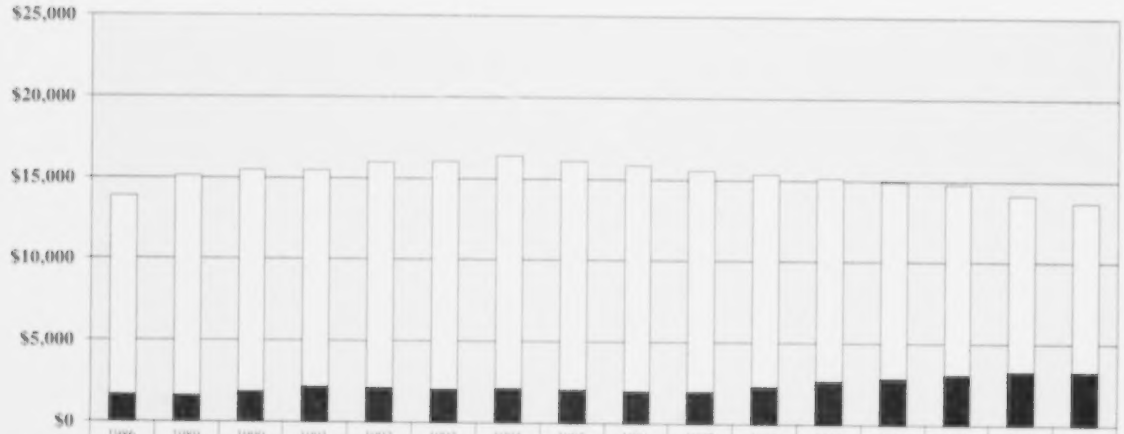
Figure 4.18: Alberta Welfare Income, Couple, Two Children (2003 dollars)



	1986	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Provincial	$20,667	$18,232	$17,396	$19,179	$19,196	$18,483	$17,352	$17,166	$16,888	$16,705	$16,289	$15,480	$14,954	$14,110	$13,439	$13,031
Federal	$3,475	$3,026	$3,243	$3,630	$3,309	$3,281	$3,289	$3,223	$3,170	$3,121	$3,660	$4,356	$4,739	$5,223	$5,488	$5,607
TOTAL*	$24,141	$21,257	$20,639	$22,809	$22,506	$21,765	$20,641	$20,389	$20,059	$19,826	$19,948	$19,836	$19,693	$19,333	$18,928	$18,638

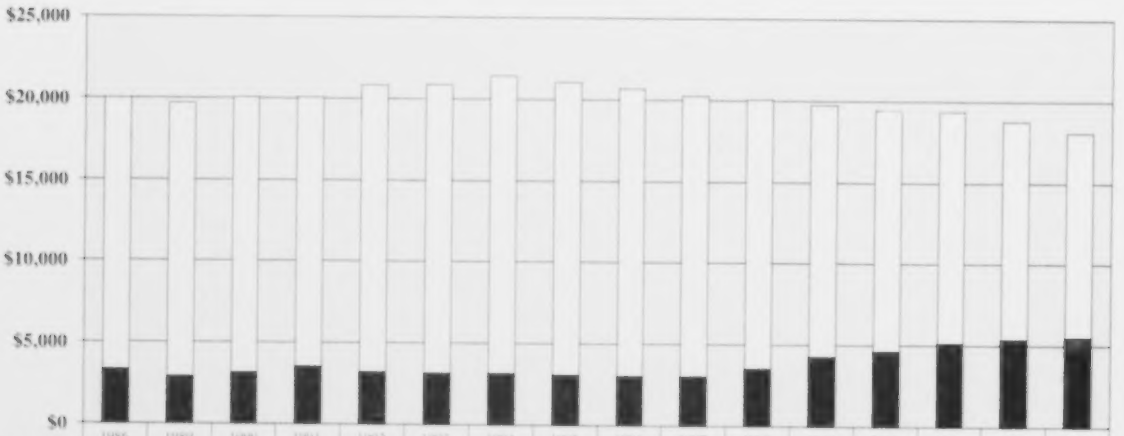
* Due to the effects of rounding, totals may not always add up.

Figure 4.19: British Columbia Welfare Income, Single Parent, One Child (2003 dollars)



	1986	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Provincial	$12,212	$13,443	$13,587	$13,315	$13,900	$13,954	$14,299	$14,046	$13,818	$13,546	$13,075	$12,433	$12,026	$11,669	$10,839	$10,363
Federal	$1,665	$1,638	$1,886	$2,182	$2,082	$2,073	$2,080	$2,037	$2,005	$1,974	$2,295	$2,690	$2,876	$3,118	$3,252	$3,310
TOTAL*	$13,876	$15,081	$15,473	$15,498	$15,991	$16,027	$16,380	$16,083	$15,824	$15,520	$15,370	$15,122	$14,902	$14,787	$14,090	$13,673

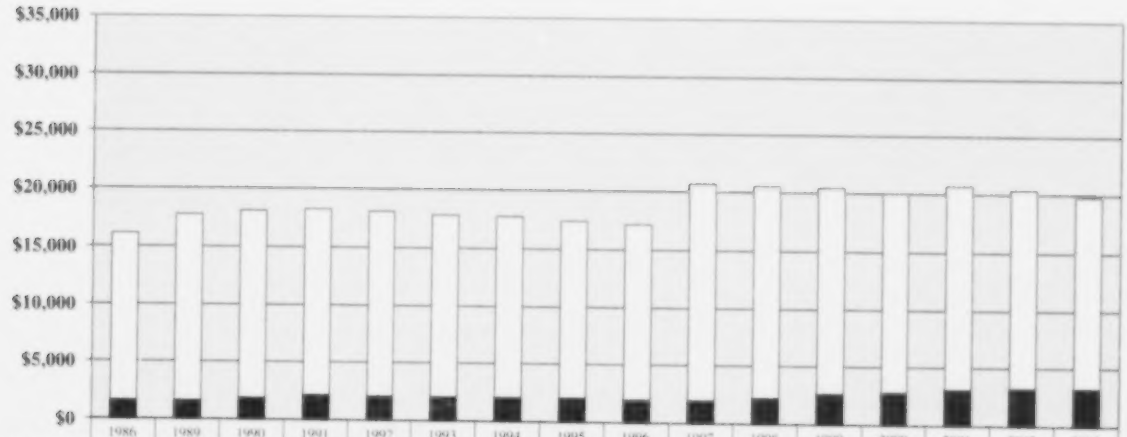
Figure 4.20: British Columbia Welfare Income, Couple, Two Children (2003 dollars)



	1986	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Provincial	$16,679	$16,790	$16,909	$16,520	$17,598	$17,697	$18,234	$17,913	$17,623	$17,235	$16,499	$15,489	$14,824	$14,224	$13,336	$12,563
Federal	$3,329	$2,910	$3,129	$3,519	$3,197	$3,169	$3,175	$3,109	$3,058	$3,011	$3,550	$4,249	$4,634	$5,127	$5,401	$5,524
TOTAL*	$20,009	$19,700	$20,039	$20,038	$20,795	$20,866	$21,409	$21,022	$20,681	$20,245	$20,050	$19,738	$19,459	$19,351	$18,737	$18,086

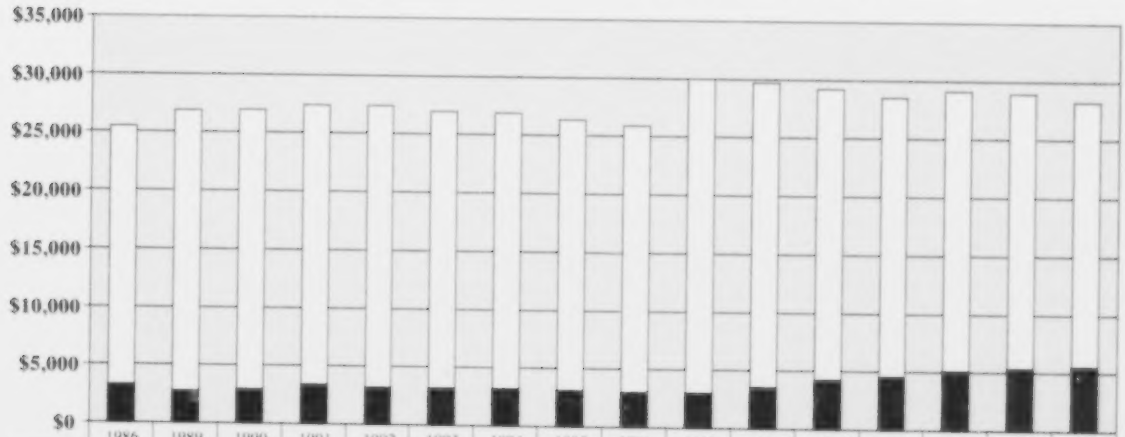
* Due to the effects of rounding, totals may not always add up.

Figure 4.21: Yukon Welfare Income, Single Parent, One Child (2003 dollars)



	1986	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
□ Territorial	$14,470	$16,081	$16,183	$16,047	$16,036	$15,748	$15,721	$15,393	$15,144	$18,721	$18,199	$17,789	$17,123	$17,603	$17,131	$16,560
■ Federal	$1,665	$1,638	$1,892	$2,192	$2,091	$2,076	$2,081	$2,038	$2,005	$1,974	$2,295	$2,691	$2,877	$3,118	$3,252	$3,310
TOTAL*	$16,134	$17,719	$18,075	$18,239	$18,127	$17,823	$17,803	$17,432	$17,149	$20,695	$20,494	$20,481	$20,000	$20,721	$20,382	$19,870
TOTAL*	$25,499	$26,889	$26,910	$27,366	$27,370	$26,907	$26,873	$26,313	$25,887	$29,975	$29,685	$29,184	$28,537	$29,132	$28,902	$28,213

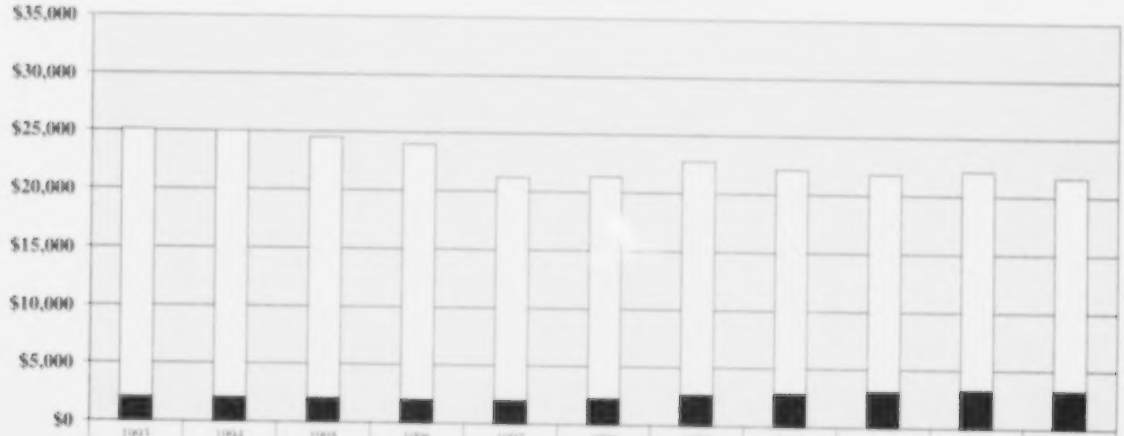
Figure 4.22: Yukon Welfare Income, Couple, Two Children (2003 dollars)



	1986	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
□ Territorial	$22,170	$24,141	$23,983	$23,984	$24,173	$23,738	$23,698	$23,204	$22,829	$26,964	$26,134	$24,935	$23,903	$24,005	$23,501	$22,689
■ Federal	$3,329	$2,748	$2,926	$3,382	$3,197	$3,169	$3,175	$3,109	$3,058	$3,011	$3,550	$4,249	$4,634	$5,127	$5,401	$5,524
TOTAL*	$25,499	$26,889	$26,910	$27,366	$27,370	$26,907	$26,873	$26,313	$25,887	$29,975	$29,685	$29,184	$28,537	$29,132	$28,902	$28,213

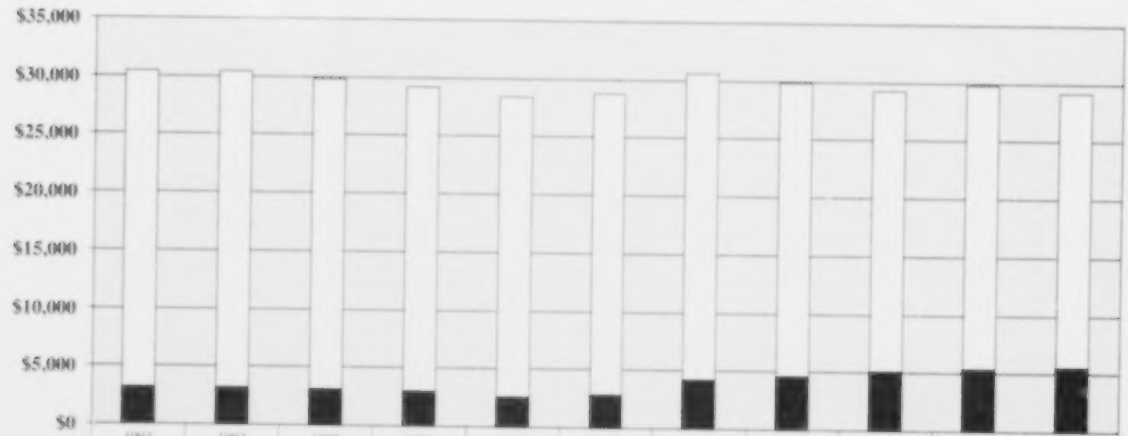
* Due to the effects of rounding, totals may not always add up.

Figure 4.23: Northwest Territories Welfare Income, Single Parent, One Child (2003 dollars)



	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
□ Territorial	$23,016	$22,978	$22,499	$22,030	$19,279	$19,061	$20,060	$19,333	$18,751	$18,895	$18,337
■ Federal	$2,077	$2,081	$2,038	$2,005	$1,974	$2,295	$2,691	$2,877	$3,178	$3,252	$3,310
TOTAL*	$25,092	$25,059	$24,537	$24,036	$21,253	$21,357	$22,751	$22,211	$21,930	$22,146	$21,647

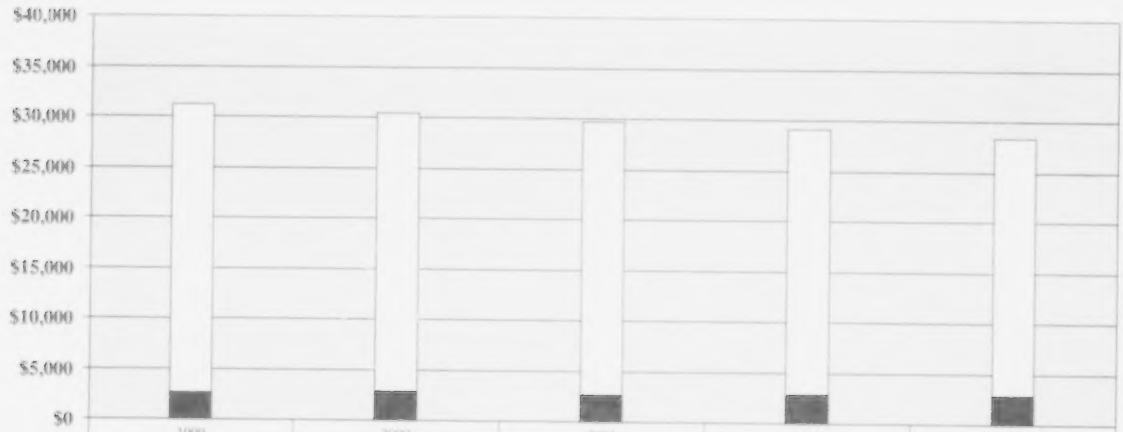
Figure 4.24: Northwest Territories Welfare Income, Couple, Two Children (2003 dollars)



	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
□ Territorial	$27,239	$27,236	$26,660	$26,098	$25,849	$25,872	$26,316	$25,229	$24,195	$24,359	$23,683
■ Federal	$3,169	$3,175	$3,109	$3,058	$2,908	$2,901	$4,249	$4,634	$5,127	$5,401	$5,524
TOTAL*	$30,408	$30,411	$29,777	$29,157	$28,457	$28,773	$30,565	$29,863	$29,322	$29,760	$29,206

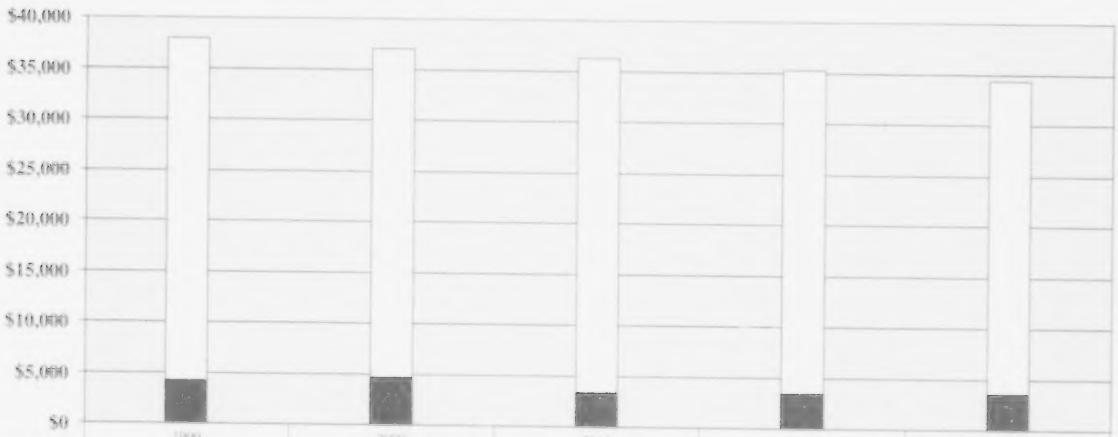
* Due to the effects of rounding, totals may not always add up.

Figure 4.25: Nunavut Welfare Income, Single Parent, One Child (2003 dollars)



	1999	2000	2001	2002	2003
Territorial	$28,462	$27,516	$27,043	$26,240	$25,435
Federal	$2,691	$2,877	$2,653	$2,847	$2,903
TOTAL*	$31,153	$30,393	$29,696	$29,087	$28,338

Figure 4.26: Nunavut Welfare Income, Couple, Two Children (2003 dollars)



	1999	2000	2001	2002	2003
Territorial	$33,659	$32,360	$32,869	$31,739	$30,798
Federal	$4,249	$4,634	$3,332	$3,474	$3,537
TOTAL*	$37,908	$37,014	$36,202	$35,212	$34,334

* Due to the effects of rounding, totals may not always add up.

V. WELFARE INCOMES AND POVERTY OVER TIME

In the years in which the National Council of Welfare has examined welfare rates, provincial and territorial governments have frequently made changes to their welfare programs.

Programs affecting people on welfare have changed significantly since 1986. Until April 1, 1996, the federal government supported welfare in a cost-sharing arrangement with the provinces and territories through the Canada Assistance Plan or CAP. After that, the federal government provided money to the provinces and territories through a block-funding arrangement called the Canada Health and Social Transfer or CHST, an arrangement that paid the provinces significantly less. The CHST also removed many of the protections for people who used the social programs that received funding from CAP. Under CAP, the provinces and territories had to administer a needs test to determine whether people needed welfare; under CHST, there is no such obligation. Where CAP required the provinces and territories to provide an appeals process for people who feel mistreated by the welfare system, CHST does not. CAP also prevented the provinces and territories from imposing residence requirements, but the CHST does not, which means a person needs to live in the province or territory in order to be eligible for benefits.

In the early 1990s, federal, provincial and territorial governments turned their attention to their budget deficits. The recession of the early 1990s made a bad situation worse. As unemployment rates climbed, so did the cost of employment insurance and welfare. The federal government slashed social programs to the bone, leaving the provinces and territories with the problem.

One result of this was that provincial and territorial governments looked at every possible way to pinch pennies in their welfare programs. The Council's 1997 report *Another Look at Welfare Reform* identified many of the changes to the welfare system in that period. In Ontario, for example, the new government announced major cuts to all government spending in 1995-1996, but welfare took the biggest hit. In Ontario, the provincial government saved $469 million by cutting welfare rates for everyone except seniors and the disabled by 21.6 percent in October 1995. Many provinces increased the monitoring of welfare recipients, claiming that they needed to ensure that no one cheated the system. Welfare policies also began to enforce work requirements very stringently.

The other major change in this period was the introduction of the National Child Benefit which includes the Canada Child Tax Benefit (CCTB) and the National Child Benefit Supplement (NCBS). The federal government introduced the program in July 1998 and has regularly increased the benefits. As a result, the federal portion of the total welfare incomes of families has increased significantly since 1998. The arrangement the federal government had with the provinces and territories allowed them to claw back part of the federal money from parents who were forced to depend on welfare. Even in the provinces that did not claw back any of the federal benefits, there were almost no increases to welfare.

Table 5.1 examines the impact these changes had on the adequacy of welfare incomes in the period from 1986 to 2003 by showing welfare incomes as percentage of the poverty line. We have included the total income of welfare recipients, including basic social assistance from provincial and territorial governments, federal, provincial and territorial child benefits, GST credits and provincial tax credits. For each year, the incomes are shown as a percentage of the poverty line. This calculation ensures that the comparisons take into consideration factors such as the size of families and communities. This also allows us to make comparisons across provinces.

The territories are not included in this table because they are excluded from the Statistics Canada survey that is used to generate the low income cut-offs. The National Council of Welfare did not include a single person with a disability in its original calculations of welfare incomes for 1986, so the figures for people with disabilities begin in 1989.

At no point between 1986 and 2003 did any province or territory provide welfare benefits that allowed welfare recipients to reach the poverty line. As Table 5.1 shows, the highest rates ever achieved were still substantially below the poverty line and have since deteriorated significantly. The one set of rates that was not lower in 2003 was that of single employable people in Newfoundland and Labrador. Their welfare incomes improved dramatically in 2002 because of a massive change in provincial welfare policy. In June 1996, the provincial government made room and board the rule for all single employable people on welfare, except in exceptional cases, resulting in welfare incomes dropping from 33 percent of the poverty line in 1995 to 19 percent in 1996 to just nine percent from 1997 to 1999. The province slowly ceased to enforce this rule and allowed single employable people to receive welfare as tenants of rented units. The Newfoundland rate for regular welfare has improved to its best level ever: 45 percent of the poverty line in 2002 and 44 percent by 2003.

The last column of Table 5.1 shows that between 2002 and 2003, the standard of living for people on welfare declined in most cases. Incomes dropped for all household types in all provinces, except for the single employable in Prince Edward Island who saw a slight increase of 0.3 percent and the couple in Manitoba who saw an improvement of 1.6 percent in the adequacy of their welfare incomes in 2003.

Quebec was the province that had the smallest drop for all family types in 2003, ranging from a decrease of 0.4 percent for the couple to a decrease of 1.2 percent for the single employable people and the disabled people. However, as we can see further below, the couple with older children in Quebec experienced the lowest standard of living in Canada in 2003.

The poorest of all welfare recipients in Canada were consistently single employable people. New Brunswick had the distinction of providing the lowest welfare income to single employable people at only 20 percent of the poverty line in 2003. The highest percentage was in Newfoundland at 44 percent of the poverty line, down from 45 percent in 2002

Between 1989 and 2003, as shown in the second column from the right in the table, single employable people in Prince Edward Island lost the most ground in their standard of living.

Their incomes were 66 percent of the poverty line in 1989 and only 36 percent by 2003. This represents a drop of 80.8 percent.

The reason for the huge increase between 1989 and 2003 for single employable in Quebec was that the province overhauled its welfare system in 1989. At that time, Quebec changed its policy which provided single employable people under the age of thirty with lower welfare rates than Quebec gave to single employable people above the age of thirty. The National Council of Welfare used the lower rate in its original calculations for 1986 and 1989.

Since 1989, the welfare incomes of people with disabilities have steadily eroded. In every province except Quebec and Manitoba, these welfare incomes are a much lower percentage of the poverty line in 2003 than they were in 1989. Although there were minor gains made in some intervening years in some provinces, every gain has been lost over time.

A couple with two children ages 10 and 15 in Quebec experienced the lowest standard of living for this family type in Canada at only 48 percent of the poverty line in 2003. This was a major drop from 54 percent in 1989. The couple with two children in New Brunswick experienced the biggest gains in this time period, with a 16.6 percent increase. The highest percentage for this household type was in Prince Edward Island at 63 percent of the poverty line in 2003 down from a high of 78 percent in 1989.

The third column from the right shows changes between 1986 and 2003. It illustrates that the majority of household types experienced losses in their standard of living over this eighteen-year period. The largest gains were made by the single employable person in Quebec. The greatest losses were those of the single employable person in Alberta whose income was 51 percent of the poverty line in 1986 but was only 25 percent of the poverty line by 2003.

Between 1986 and 2003, single-parent families lost ground in most provinces with the exception of Newfoundland and Labrador, New Brunswick, Quebec and British Colombia. In Alberta, the welfare income of the single-parent family was at an all-time low of 48 percent of the poverty line in 2002 and in 2003, the lowest standard of living for a single parent in the country. The highest percentage for this household type was in Newfoundland at 71 percent of the poverty line in 2003 which was down from 72 percent in 2002.

Welfare incomes in all the provinces were grossly inadequate and in most cases were far less adequate than they were in 1986 or 1989. The National Council of Welfare is extremely concerned about this trend. The poorest of the poor have fallen farther behind and the gap between the haves and have nots widened in a country often regarded as the best place to live in the world.

On the next pages, Figures 5.1 and 5.2 illustrate that single employable people are consistently the most impoverished groups on welfare in all the provinces. Figures 5.3 and 5.4 show that single people with disabilities live at a poverty level only slightly better. For both groups of people on welfare, already low welfare benefits have in general eroded slowly over time.

TABLE 5.1: 2003 WELFARE INCOME AS

	1986	1989	1990	1991	1992	1993	1994	1995	1996
NEWFOUNDLAND AND LABRADOR									
Single Employable	33%	32%	32%	33%	34%	33%	33%	33%	19%
Person with a Disability		64%	63%	63%	64%	63%	63%	62%	61%
Single Parent, One Child	68%	66%	67%	69%	71%	71%	70%	69%	68%
Couple, Two Children	58%	56%	56%	56%	56%	55%	55%	54%	53%
PRINCE EDWARD ISLAND									
Single Employable	62%	66%	60%	62%	62%	62%	56%	43%	40%
Person with a Disability		77%	70%	70%	71%	70%	69%	67%	67%
Single Parent, One Child	71%	75%	69%	71%	71%	71%	70%	67%	64%
Couple, Two Children	74%	78%	71%	73%	73%	73%	71%	69%	64%
NOVA SCOTIA									
Single Employable	44%	50%	48%	47%	46%	45%	45%	44%	43%
Person with a Disability		66%	66%	66%	65%	64%	65%	63%	62%
Single Parent, One Child	64%	66%	66%	67%	67%	66%	67%	65%	64%
Couple, Two Children	57%	60%	58%	58%	57%	56%	56%	55%	58%
NEW BRUNSWICK									
Single Employable	22%	24%	24%	25%	24%	24%	24%	24%	24%
Person with a Disability		63%	62%	62%	61%	61%	61%	48%	47%
Single Parent, One Child	56%	55%	55%	55%	55%	55%	57%	59%	59%
Couple, Two Children	46%	44%	44%	45%	45%	45%	46%	48%	48%
QUEBEC									
Single Employable	20%	31%	48%	41%	41%	41%	40%	39%	39%
Person with a Disability		47%	49%	53%	53%	53%	54%	53%	53%
Single Parent, One Child	57%	54%	58%	54%	59%	60%	62%	61%	60%
Couple, Two Children	54%	54%	59%	52%	52%	53%	52%	51%	51%

PERCENTAGE OF THE POVERTY LINE

1997	1998	1999	2000	2001	2002	2003	% Change 1986-2003	% Change 1989-2003	% Change 2002-2003
9%	9%	9%	12%	20%	45%	44%	25.2%	26.5%	-2.7%
60%	60%	59%	56%	55%	54%	53%		-21.7%	-2.8%
67%	69%	70%	72%	73%	72%	71%	4.5%	7.0%	-1.8%
53%	54%	56%	57%	57%	58%	57%	-1.9%	1.5%	-1.2%
39%	39%	38%	37%	36%	36%	36%	-69.6%	-80.8%	0.3%
60%	60%	59%	56%	55%	55%	48%		-61.3%	-14.4%
62%	61%	60%	63%	62%	63%	63%	-11.8%	-18.6%	-0.1%
64%	63%	62%	64%	64%	65%	63%	-16.8%	-23.8%	-3.3%
32%	32%	31%	29%	30%	31%	31%	-45.3%	-63.4%	-2.7%
61%	61%	60%	56%	51%	53%	52%		-27.0%	-2.8%
63%	63%	63%	64%	61%	60%	59%	-9.1%	-11.9%	-1.6%
59%	59%	57%	58%	60%	57%	57%	-0.5%	-5.7%	-1.3%
23%	23%	23%	21%	21%	20%	20%	-10.0%	-20.5%	-2.7%
48%	48%	47%	44%	43%	42%	41%		-54.8%	-2.7%
59%	61%	62%	64%	64%	63%	62%	10.0%	11.8%	-1.7%
49%	50%	52%	53%	53%	53%	53%	12.4%	16.6%	-1.2%
37%	37%	37%	34%	34%	35%	34%	40.7%	9.2%	-1.2%
53%	53%	53%	49%	49%	50%	49%		4.2%	-1.2%
57%	57%	57%	56%	57%	57%	57%	0.3%	5.0%	-0.8%
48%	48%	48%	47%	48%	49%	48%	-11.7%	-11.4%	-0.4%

TABLE 5.1: 2003 WELFARE INCOME AS

	1986	1989	1990	1991	1992	1993	1994	1995	1996
ONTARIO									
Single Employable	43%	47%	52%	54%	55%	55%	55%	51%	42%
Person with a Disability		68%	72%	75%	76%	76%	76%	74%	73%
Single Parent, One Child	64%	68%	76%	79%	80%	80%	80%	75%	63%
Couple, Two Children	58%	61%	70%	72%	73%	73%	72%	67%	57%
MANITOBA									
Single Employable	43%	40%	46%	46%	47%	47%	44%	42%	39%
Person with a Disability		43%	49%	49%	59%	53%	53%	52%	51%
Single Parent, One Child	56%	50%	54%	55%	60%	54%	54%	53%	52%
Couple, Two Children	60%	60%	65%	67%	68%	63%	64%	62%	56%
SASKATCHEWAN									
Single Employable	41%	42%	41%	41%	42%	44%	44%	43%	42%
Person with a Disability		67%	65%	65%	63%	63%	63%	61%	62%
Single Parent, One Child	70%	69%	68%	68%	66%	66%	66%	64%	63%
Couple, Two Children	70%	68%	66%	65%	65%	65%	65%	63%	62%
ALBERTA									
Single Employable	51%	36%	35%	39%	38%	36%	32%	31%	31%
Person with a Disability		44%	43%	60%	45%	44%	44%	43%	42%
Single Parent, One Child	61%	55%	53%	57%	57%	54%	52%	50%	50%
Couple, Two Children	66%	58%	56%	62%	61%	59%	56%	55%	55%
BRITISH COLUMBIA									
Single Employable	37%	41%	42%	40%	43%	43%	44%	43%	39%
Person with a Disability		56%	58%	58%	60%	60%	61%	61%	60%
Single Parent, One Child	55%	60%	61%	62%	64%	64%	65%	64%	63%
Couple, Two Children	54%	53%	54%	54%	56%	57%	57%	57%	56%

PERCENTAGE OF THE POVERTY LINE

1997	1998	1999	2000	2001	2002	2003	% Change 1986-2003	% Change 1989-2003	% Change 2002-2003
42%	41%	41%	37%	36%	35%	35%	-25.3%	-36.1%	-2.7%
72%	71%	70%	64%	62%	61%	59%		-14.4%	-2.8%
62%	61%	60%	60%	59%	58%	56%	-13.5%	-20.9%	-2.5%
56%	55%	55%	53%	52%	51%	50%	-16.4%	-23.0%	-2.4%
34%	34%	33%	30%	29%	29%	28%	-52.8%	-42.2%	-2.7%
50%	50%	49%	45%	44%	43%	42%		-1.9%	-2.8%
51%	51%	50%	51%	52%	53%	52%	-6.2%	4.4%	-1.6%
52%	51%	50%	50%	50%	50%	51%	-17.7%	-18.2%	1.6%
38%	38%	39%	37%	37%	36%	36%	-13.0%	-15.9%	-0.5%
56%	56%	57%	54%	54%	53%	52%		-28.8%	-1.0%
62%	58%	59%	61%	61%	60%	59%	-18.6%	-17.8%	-2.8%
58%	58%	60%	60%	60%	59%	58%	-20.4%	-17.5%	-1.9%
30%	30%	30%	27%	27%	26%	25%	-101.0%	-41.4%	-2.7%
42%	42%	42%	41%	40%	39%	39%		-12.5%	-0.9%
49%	50%	50%	50%	49%	48%	48%	-27.7%	-14.4%	-0.5%
54%	54%	54%	53%	52%	51%	50%	-31.1%	-15.9%	-1.6%
39%	38%	38%	35%	34%	34%	33%	-12.3%	-25.9%	-3.1%
59%	58%	57%	53%	52%	51%	50%		-13.0%	-2.5%
62%	61%	60%	60%	60%	57%	55%	0.1%	-8.6%	-3.1%
55%	54%	54%	52%	52%	50%	49%	-12.0%	-9.2%	-3.6%

The adequacy of welfare incomes deteriorated in almost every case in the period from 1986 to 2003. Within regions, there is some variation in the pattern of welfare incomes over time as percentage of the poverty line. Among the five eastern provinces shown in Figure 5.1, the most consistently low incomes for single employable people were in New Brunswick. In 1986, the New Brunswick income for a single employable person was only 22 percent of the poverty line, and this has barely fluctuated since this time. By 2003, the New Brunswick income was 20 percent of the poverty line. The Newfoundland and Labrador shows a different trend due to changes in the government policy as explained earlier in this chapter. The single employable person had an income of 33 percent of the poverty line in 1986, which dropped to nine percent from 1997 to 1999. By 2002 and 2003, a single employable person renting accommodation in Newfoundland received welfare of 45 and 44 percent of the poverty line.

The least inadequate welfare income in Canada for a single employable person was 66 percent of the poverty line in Prince Edward Island in 1989. By 2003, this rate had deteriorated to 36 percent of the poverty line, the worst income Prince Edward Island had ever provided to single employable people who were down on their luck.

In the five western provinces shown in Figure 5.2 there were also significant changes in the value of welfare incomes for single employable people. The value of Manitoba's welfare dropped from 43 percent in 1986 to only 28 percent by 2003. In Saskatchewan, the value of welfare dropped from 41 percent of the poverty line to 36 percent in 2003. In British Columbia, welfare was only 37 percent of the poverty line in 1986. It climbed to 44 percent by 1994 and dropped to only 33 percent by 2003.

The most striking changes were in Alberta and in Ontario. In Alberta, the value of welfare dropped from 51 percent of the poverty line in 1986 to an all-time low of 25 percent by 2003. In Ontario, the value of welfare for a single employable person was only 43 percent of the poverty line in 1986, but rose to 55 percent between 1992 and 1994. By 2003, the single person on welfare in Ontario subsisted on only 35 percent of the poverty line.

Welfare incomes for people with disabilities have consistently declined in value since the National Council of Welfare has been tracking the situation. Welfare rates for people with disabilities are consistently better than those for people considered employable, but still very low. While this group of welfare recipients was often spared the direct cuts to welfare, their incomes were not spared from the erosion of inflation and freezes to increases in benefits.

Figure 5.3 shows the slow and steady decline in the value of welfare in Newfoundland and Labrador from 64 percent of the poverty line in 1989 to 53 percent by 2003. In Prince Edward Island, a single person with a disability had an income which equaled 77 percent of the poverty line in 1989 – the highest in the country at the time. By 2003, it was only 48 percent. In Nova Scotia, the income was 66 percent of the poverty line in 1989 and it declined in value slowly until it was 52 percent of the poverty line in 2003. A disabled person in Quebec had an income that was only 47 percent of the poverty line in 1989. That income increased in value to 54 percent in 1994, then declined to 49 percent by 2003. New Brunswick's welfare for a single

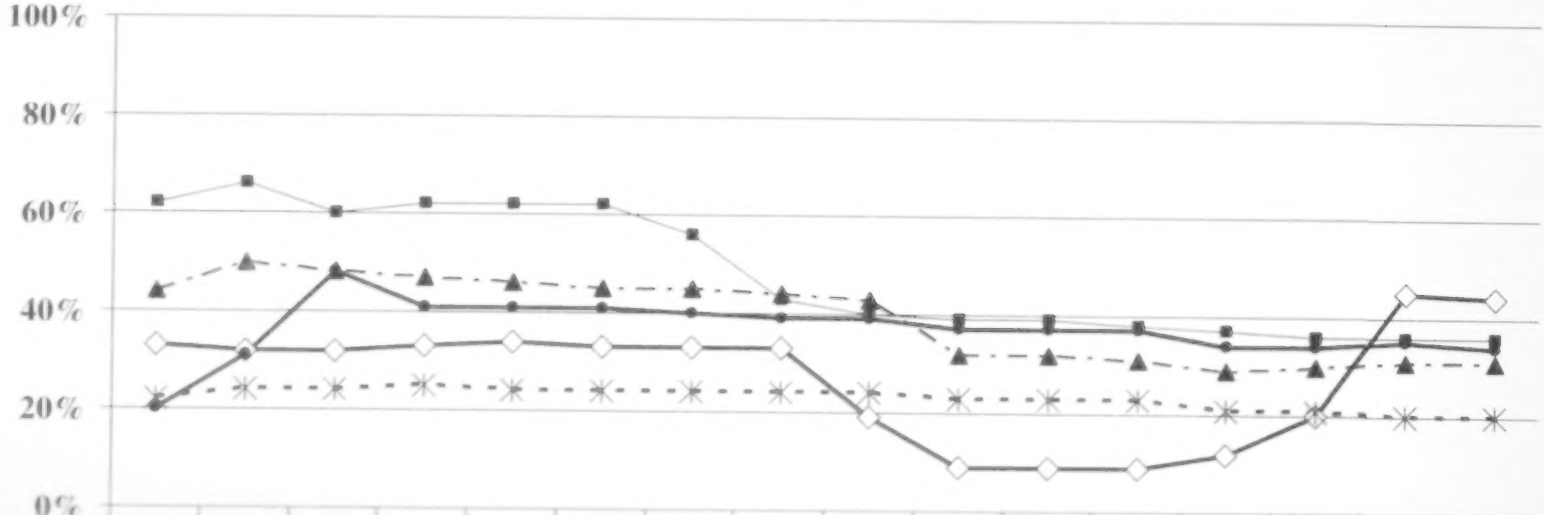
disabled person was 63 percent of the poverty line in 1989, then dropped significantly in 1995 to 48 percent of the poverty line and has declined since to only 41 percent of the poverty line.

Figure 5.4 shows the adequacy of welfare for single disabled people in the western provinces and Ontario. The value of welfare for a single disabled person in Ontario rose in value from 68 percent in 1989 to 76 percent from 1992 to 1994. Although disabled people were spared the drastic cuts Ontario imposed on all other people on welfare in 1995, their incomes deteriorated slowly, reaching 59 percent of the poverty line by 2003. Manitoba's welfare for a single disabled person was only 43 percent of the poverty line in 1989 and then rose slowly to reach 59 percent of the poverty line by 1992. It has since deteriorated and was equal to 42 percent of the poverty line in 2003. Saskatchewan's income was 67 percent of the poverty line in 1989, but has deteriorated steadily throughout this period to 52 percent of the poverty line in 2003.

Alberta gave assistance which amounted to only 44 percent of the poverty line in 1989. The amount rose to 60 percent of the line in 1991 and has deteriorated since then to 39 percent. It should be noted that most people with severe and permanent disabilities in Alberta qualified for the Assured Income for the Severely Handicapped program which provided a higher rate.

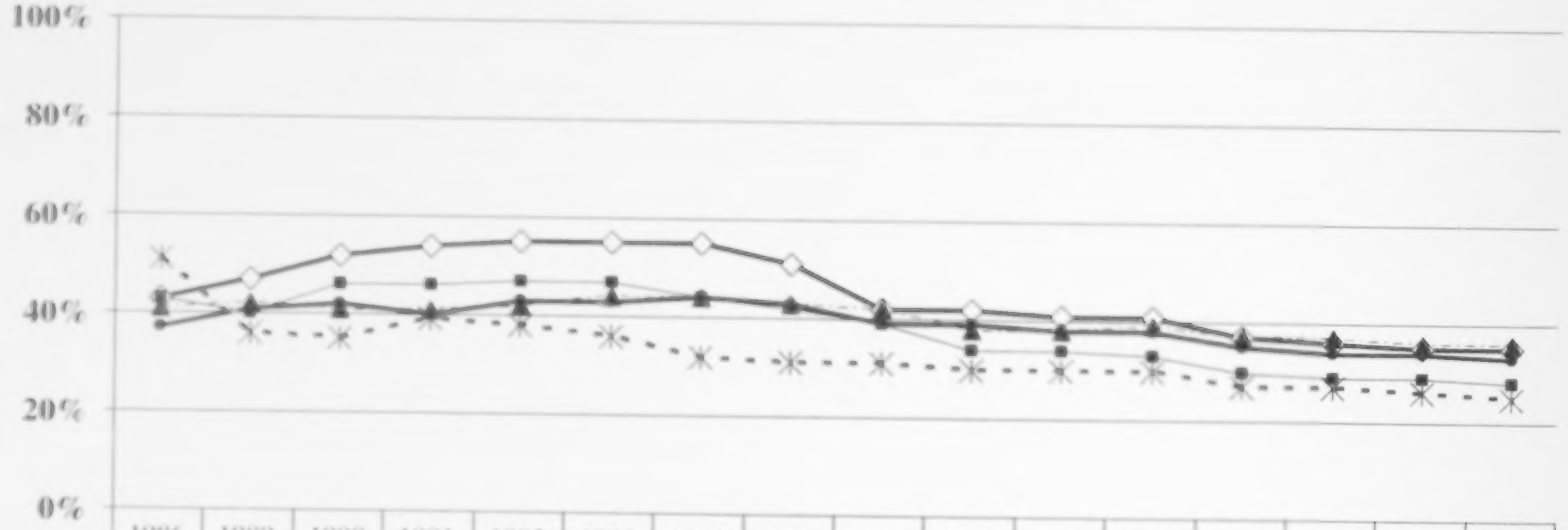
In British Columbia, a single disabled person had an income equal to only 56 percent of the poverty line in 1989, rising to 61 percent of the poverty line in 1994 and 1995 and declining to 50 percent of the poverty line in 2003.

Figure 5.1: Welfare Incomes over Time as % of Poverty Line, Single Employable People



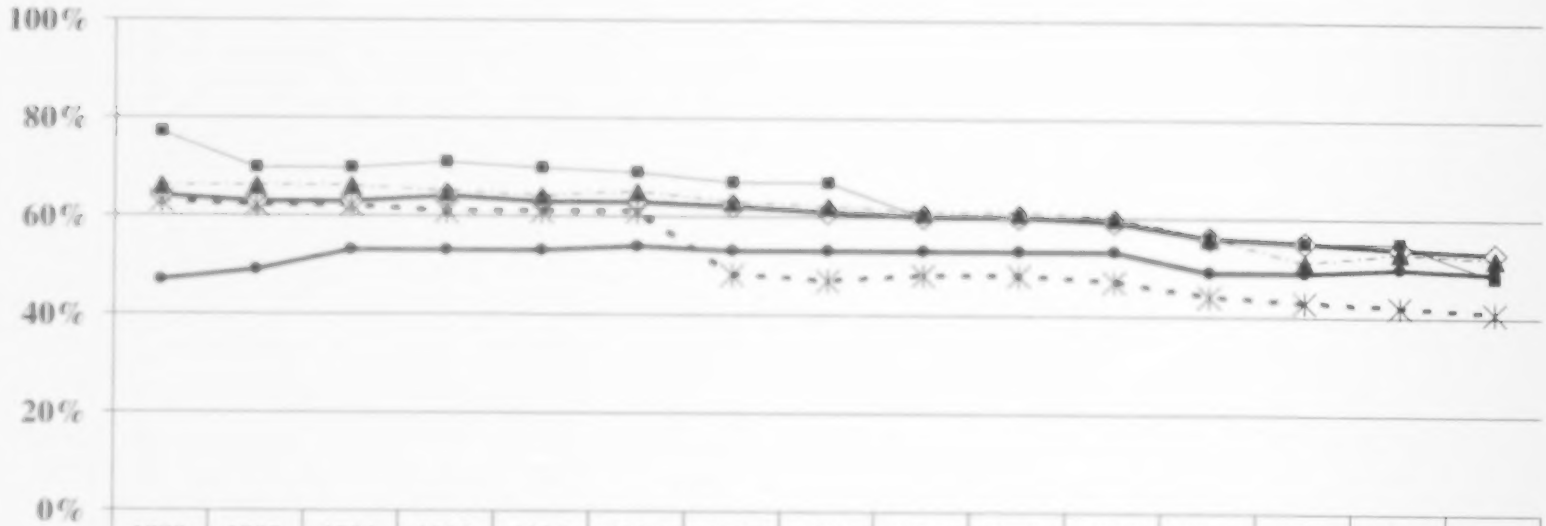
	1986	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
N&L	33%	32%	32%	33%	34%	33%	33%	33%	19%	9%	9%	9%	12%	20%	45%	44%
PEI	62%	66%	60%	62%	62%	62%	56%	43%	40%	39%	39%	38%	37%	36%	36%	36%
NS	44%	50%	48%	47%	46%	45%	45%	44%	43%	32%	32%	31%	29%	30%	31%	31%
NB	22%	24%	24%	25%	24%	24%	24%	24%	24%	23%	23%	23%	21%	21%	20%	20%
QB	20%	31%	48%	41%	41%	41%	40%	39%	39%	37%	37%	37%	34%	34%	35%	34%

Figure 5.2: Welfare Incomes over Time as % of Poverty Line, Single Employable People



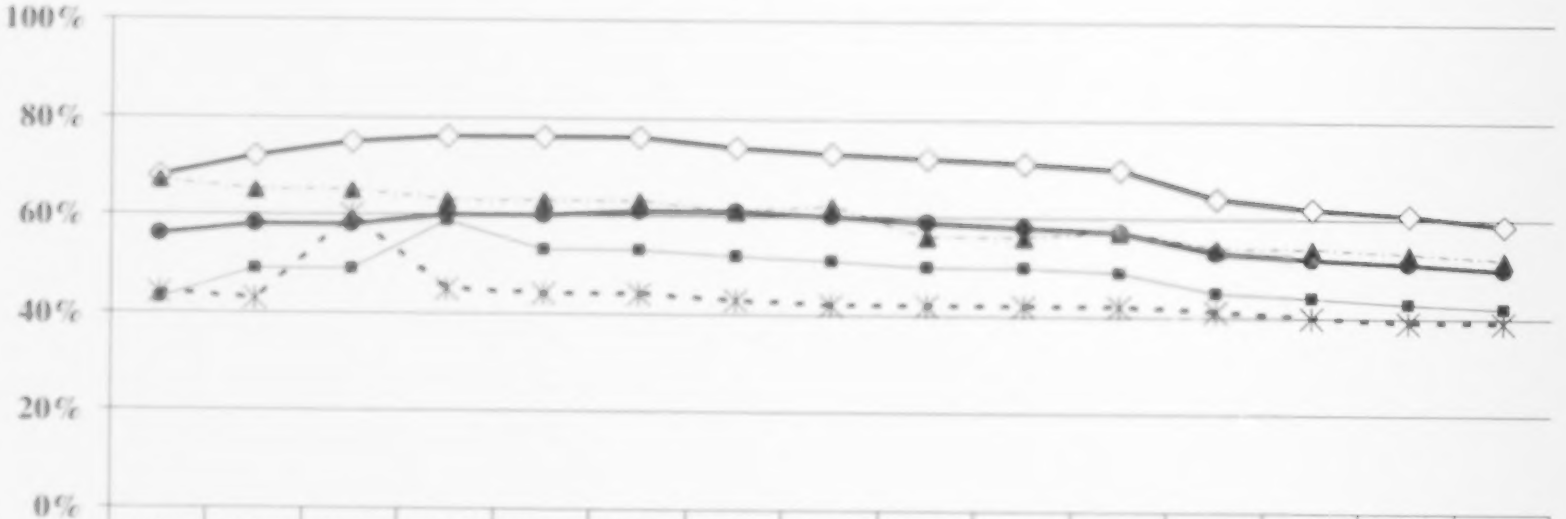
	1986	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
ON	43%	47%	52%	54%	55%	55%	55%	51%	42%	42%	41%	41%	37%	36%	35%	35%
MB	43%	40%	46%	46%	47%	47%	44%	42%	39%	34%	34%	33%	30%	29%	29%	28%
SK	41%	42%	41%	41%	42%	44%	44%	43%	42%	38%	38%	39%	37%	37%	36%	36%
AB	51%	36%	35%	39%	38%	36%	32%	31%	31%	30%	30%	30%	27%	27%	26%	25%
BC	37%	41%	42%	40%	43%	43%	44%	43%	39%	39%	38%	38%	35%	34%	34%	33%

Figure 5.3: Welfare Incomes over Time as % of Poverty Line, Person with a Disability



	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
N&L	64%	63%	63%	64%	63%	63%	62%	61%	60%	60%	59%	56%	55%	54%	53%
PEI	77%	70%	70%	71%	70%	69%	67%	67%	60%	60%	59%	56%	55%	55%	48%
NS	66%	66%	66%	65%	64%	65%	63%	62%	61%	61%	60%	56%	51%	53%	52%
NB	63%	62%	62%	61%	61%	61%	48%	47%	48%	48%	47%	44%	43%	42%	41%
QB	47%	49%	53%	53%	53%	54%	53%	53%	53%	53%	53%	49%	49%	50%	49%

Figure 5.4: Welfare Incomes over Time as % of Poverty Line, Person with a Disability



	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
ON	68%	72%	75%	76%	76%	76%	74%	73%	72%	71%	70%	64%	62%	61%	59%
MB	43%	49%	49%	59%	53%	53%	52%	51%	50%	50%	49%	45%	44%	43%	42%
SK	67%	65%	65%	63%	63%	63%	61%	62%	56%	56%	57%	54%	54%	53%	52%
AB	44%	43%	60%	45%	44%	44%	43%	42%	42%	42%	42%	41%	40%	39%	39%
BC	56%	58%	58%	60%	60%	61%	61%	60%	59%	58%	57%	53%	52%	51%	50%

VI. EARNINGS EXEMPTIONS

The figures in the tables in this report do not take into account the fact that welfare incomes may be higher if recipients have additional earnings. All provinces and territories except British Columbia allow welfare recipients to retain a certain amount of earned income – a flat-rate sum, a percentage of earnings or a combination of both – without any reduction in their welfare cheques. The National Council of Welfare did not include these extra amounts in the tables in this report because it is not certain that recipients could actually increase their incomes by these levels. They may be unable to work or unable to find jobs.

Table 6.1 shows the allowable earnings exemptions for January 1, 2003, in each province and territory. Any changes to the earnings exemptions made after January 1, 2003, will be reflected in future editions of this report.

The exemptions vary by family size and sometimes by employability. All provinces and territories recognize work-related expenses, including child-care expenses in most cases. Welfare recipients are allowed to deduct all or some of these costs when declaring their earnings for welfare purposes. In effect, that means that the actual earnings exemptions in some provinces and territories may be more generous than they appear at first glance. Earnings exemptions also provide a greater incentive for people to take paying jobs.

Earnings exemptions are important because they provide a means for welfare recipients to improve the quality of their lives, at least marginally. These exemptions encourage individuals to get experience in the labour market and to gain sufficient confidence to leave the welfare system.

Sensible earnings exemption policies offer genuine incentives for people on welfare to improve their financial situation by taking a job. But earnings exemptions, no matter how generous, are no substitute for adequate welfare rates. Paying decent welfare rates and improving incentives to work by increasing earnings exemptions is sound social policy. Cutting benefits or earnings exemptions is not.

During 2002, there were both cuts and improvements in provincial and territorial earnings exemptions.

British Columbia completely eliminated all earnings exemptions for employable single people and employable families on welfare as of April 1, 2002. The government said it wanted to encourage people to get paying jobs, but at the same time made it all but impossible for people to work their way off welfare.

Having no earnings exemptions is tantamount to levying a tax of 100 percent – every single dollar from the first dollar earned leads to a dollar deducted from a person's welfare cheque. No sensible person would support an income tax of 100 percent on rich people, so why would anyone support a "taxback" of 100 percent on welfare incomes?

In July 2002, Nunavut increased the flat-rate monthly earnings exemption by $50 for singles and $100 for families. Yukon increased the flat-rate monthly earnings exemption by $50 for all family types. Effective August 2002, Alberta doubled the flat-rate monthly earnings exemption for single parents.

TABLE 6.1: MONTHLY EARNINGS EXEMPTIONS AS OF JANUARY 2003		
	Unemployable	Employable
NEWFOUNDLAND AND LABRADOR[1]	Disabled adult: up to $95 Family with disabled member(s): up to $190	Unemployed adult: up to $75 Family of two or more (no disabled members): up to $150
PRINCE EDWARD ISLAND[2]	$50 for a single adult or $100 for a family plus 10% of the balance of net wages for both households	
NOVA SCOTIA[3]	Recipients in training programs: $150 of training allowance Recipients with full-time or part-time employment: 30% of net earnings	
NEW BRUNSWICK	Single adult: $150 to $200[4] Family: $200 to $250[4]	
	Welfare recipients were eligible for the Extended Wage Exemption when their earnings were high enough that the application of the extended wage exemption was to their benefit and where the employment seemed likely to lead to self-sufficiency (that is, was not temporary or seasonal). The Extended Wage Exemption lasted for 12 months only. Recipients' exemptions then reverted to the established exemption minimum. Single person and couple without children: 30% of net earned income for the first six months, 25% of net earned income for the next six months, then flat exemption of $150 or $200 a month. Family with children: 35% of net earned income for the first six months, 30% of net earned income for the next six months, then flat exemption of $200 a month.	

TABLE 6.1: MONTHLY EARNINGS EXEMPTIONS AS OF JANUARY 2003		
	Unemployable	Employable
QUEBEC	Adult with severe limitation to work: $100 Adult with temporary limitation to work: $200	Single adult: $200 Single parent: $200 Two-parent family: $300
ONTARIO	Disabled single adult: $160 + 25% of remainder of earnings + disability related expenses for a maximum of $140 Disabled adult with family: $235 + 25% of remainder of earnings + disability related expenses for a maximum of $140 + child care[5]	Single adult: first $143 + variable exemption[6] Single parent, one child: first $275 + variable exemption + child care[7] Couple, two children: first $346 + variable exemption + child care
MANITOBA[8]	Adult with or without spouse, in disability category: $100 a month for each earner + 30% of net monthly earnings over $100 for each working family member after the first month. Single disabled parent: $115 a month + 30% of net earnings over $115 after the first month.	Single adult, childless couple and two-parent family with children: $100 a month for each earner + 25% of net earnings over $100 after the first month. Single parent: $115 a month + 25% of net earnings over $115 after the first month.

TABLE 6.1: MONTHLY EARNINGS EXEMPTIONS AS OF JANUARY 2003		
	Unemployable	Employable
SASKATCHEWAN[9]	Single disabled adult: first $100 of earned income + 20% of next $375 (maximum exemption $175) Two-adult family, no children: first $125 of earned income + 20% of next $625 (maximum exemption $250) Family with children in which the adult is disabled: $200. Earnings over $125 are eligible for the Saskatchewan Employment Supplement.[10]	Single person: first $25 of earned income + 20% of next $375 (maximum exemption $100) Two-adult family, no children: first $50 of earned income + 20% of next $625 (maximum exemption of $175) Family with children: $125. Earnings over $125 are eligible for the Saskatchewan Employment Supplement.
ALBERTA	Single parents: first $230 plus 25% of any amount over $230[11]. Each working adult in couples with children: $115 plus 25% of any amount over $115. Each child not attending school: first $350 of earnings plus 25% of income over $350 For children attending school: 100% of earnings. Singles or couples with no children: first $115 of combined net employment income a month + 25% over $115.[12]	

TABLE 6.1: MONTHLY EARNINGS EXEMPTIONS AS OF JANUARY 2003		
	Unemployable	Employable
BRITISH COLUMBIA[13]	Persons with Persistent Multiple Barriers: $300 after three months. Persons with Disabilities: $300 after three months.[14]	None.
YUKON	For first three months on welfare, $100 for a single adult, $150 for a family. In fourth month, an additional exemption of 25% of net income. People considered to be permanently excluded: $25 for a single adult; $50 for a married couple from sale of handicrafts or hobby materials.	
NORTHWEST TERRITORIES	$200 (no dependants) $400 (dependants)	
NUNAVUT[15]	$200 (no dependants) $400 (dependants)	

Newfoundland and Labrador

[1] In October 1998, Newfoundland and Labrador increased the deduction from earnings for private child care or the parental contribution costs for licensed day care from $200 a month to a maximum of $325 a month for one child and an additional $125 for each additional child if necessary for employment. Disabled adults or disabled members of a family must be people who require supportive services to qualify for the higher earnings exemption. In addition, the disabled member in a family could also include a disabled child if the child required supportive services.

Prince Edward Island

[2] As of April 2003, PEI increased earnings exemptions to $75 for a single adult and $125 for a family plus 10% of the balance of net wages for both households. This will be reflected in future editions of this report.

The earnings exemptions for welfare recipients also applied to applicants for welfare. A maximum of $25 a week could be deducted from net income where applicants or beneficiaries had to travel to and from work.

Nova Scotia

[3] Welfare recipients with jobs or training allowances were allowed actual transportation costs to a maximum of $150, actual child care to a maximum of $400 and other employment related costs. Earnings exemptions were then applied to wages or training allowances.

New Brunswick

[4] Families and individuals who were expected to achieve self-reliance in a short period of time were eligible for higher exemption levels.

Ontario

[5] Actual amount paid for licensed child care expenses, otherwise, a maximum of $390 for children five years of age and under, $346 for children between six and 12 years of age, or $390 for children six or older who have special needs.

[6] Ontario deducted a monthly flat rate amount from net earnings. This amount varied according to family size. After Ontario deducted the basic exemption, welfare recipients were allowed to keep an additional percentage of net earnings. The variable exemption decreased with the cumulative number of months the household declared earnings. For the first 12 months, the variable exemption was 25 percent; for 13 to 24 months, 15 percent; and after 24 months, no further exemption.

[7] Actual amount paid for licensed child care expenses, otherwise, a maximum of $390 for each child under 13.

Manitoba

[8] When a recipient's gross monthly income from all sources (less child care expenses) represented 135 percent or more of the household's cost of basic necessities, the recipient was no longer eligible for welfare.

Saskatchewan

[9] The earnings exemptions applied to fully employable individuals only after they were on welfare for at least the preceding three consecutive months. Recipients in the "disabled" or "not fully employable" categories were entitled to the earnings exemption from the time they receive income from employment.

[10] The Saskatchewan Employment Supplement is a monthly payment for parents on welfare who worked for pay or received child or spousal support. The supplement was paid at a rate of 25 to 45 percent of income depending on the size of the family to a maximum of $333 extra a month for a family with five or more children. In May 2001, a supplementary benefit for children under age 13 was introduced. This supplement ranged from an additional $46.25 a month for one child under 13 to $83.25 a month for five or more children under 13.

Alberta

[11] In August 2002, Alberta increased the flat-rate monthly earnings exemption for single parents from $115 to $230.

[12] Persons who qualified for the Assured Income for the Severely Handicapped program had higher earnings exemptions. Alberta exempted $200 a month plus 25 percent of additional earnings for single people and $775 monthly for families.

British Columbia

[13] BC eliminated earnings exemptions for employable recipients as of April 1, 2002, but retained them for people with disabilities.

[14] The exemption for people in the category Persons with Disabilities was raised to $400 a month on April 1, 2003. This will be reflected in future editions of this report.

Nunavut

[15] Nunavut increased exemptions on July 1, 2002.

CONCLUSION

Welfare Incomes 2003 is a report about dollars and cents, but it's also a report about governments turning their backs on the poorest of poor Canadians.

Governments are supposed to look after the best interests of *all* Canadians, but they always seem to find ways of excluding those Canadians who are forced to rely on welfare when all other means of support fail.

Everyone else in Canada, for example, is protected from increases in the cost of living because the tax brackets in the income-tax system and federal government benefits from the GST/HST Credit to the Old Age Security pension and Guaranteed Income Supplement increase every year in line with the Consumer Price Index. Provincial and territorial welfare benefits are typically frozen year after year and are even reduced from time to time.

Single employable people are frequently vilified by governments and are invariably forced to subsist on incomes far below Canada's unofficial poverty lines. For several years in the late 1990s, single employables in Newfoundland and Labrador had welfare incomes that were a mere nine percent of the poverty line. In 2002, British Columbia made it impossible for employable singles and families on welfare to supplement their meagre incomes with earnings by eliminating earnings exemptions completely and British Columbia was also the first in Canada to impose time limits on welfare.

People with disabilities on welfare have not fared much better. In 17th century England, they were labelled the "deserving poor" and were supposed to be treated better than the "undeserving poor" under the country's Poor Laws. In 21st century Canada, people with disabilities are all too commonly treated as undeserving by most provincial and territorial welfare systems and subjected to harsh treatment by welfare. In the Council's report *Income For Living?* which we released earlier this year, the Council found people on disabilities had to spend most of their income from welfare just to pay for the cost of an average-priced apartment in a major city. It is hard to imagine how decision makers can consider it fair to ask people with disabilities to live on just $6,911 a year as they do in New Brunswick.

Families with children are the focus of much flowery government rhetoric, but most governments also go out of their way to deprive families with children who have the bad luck to be on welfare. The worst examples of this are the clawback mechanism in the National Child Benefit. The National Child Benefit started off as a good idea: the federal government would invest heavily in providing money to families with young children and very little money. When the program hit the ground in 1998, the federal government allowed the provincial and territorial governments to claw back the National Child Benefit Supplement. The original scheme for the two levels of government was for the federal government to spend billions of dollars more on child benefits and then see to it that not a single penny of the money from the Supplement ended up in the pockets of welfare families. Fortunately,

Newfoundland and Labrador and New Brunswick stood up against the plan at the very start, and more and more provinces have realized belatedly what a cruel and convoluted idea it was.

All in all, *Welfare Incomes 2003* is a sad report on the shameful behaviour of governments, governments of all political stripes from sea to sea to sea. The sad realities are that there are few signs of remorse in government circles about the worst features of welfare, few inklings of welfare reform in the best sense of the word and few harbingers of better days to come for welfare recipients.

APPENDIX A: ESTIMATED NUMBER OF PEOPLE				
	March 31, 1995	March 31, 1996	March 31, 1997	March 31, 1998
NEWFOUNDLAND AND LABRADOR	71,300	72,000	71,900	64,600
PRINCE EDWARD ISLAND	12,400	11,700	11,100	10,900
NOVA SCOTIA	104,000	103,100	93,700	85,500
NEW BRUNSWICK	67,400	67,100	70,600	67,100
QUEBEC	802,200	813,200	793,300	725,700
ONTARIO	1,344,600	1,214,600	1,149,600	1,091,300
MANITOBA	85,200	85,800	79,100	72,700
SASKATCHEWAN	82,200	80,600	79,700	72,500
ALBERTA	113,200	105,600	89,800	77,000
BRITISH COLUMBIA	374,300	369,900	321,300	297,400
YUKON	2,100	1,700	2,000	2,100
NORTHWEST TERRITORIES	12,000	11,800	12,800	10,700
NUNAVUT				
CANADA	**3,070,900**	**2,937,100**	**2,774,900**	**2,577,500**

Source: Social Program Information and Analysis Division.

ON WELFARE BY PROVINCE AND TERRITORY					
March 31, 1999	March 31, 2000	March 31, 2001	March 31, 2002	March 31, 2003	% Change 2002-2003
59,900	59,400	54,400	52,100	51,200	-1.7%
9,800	8,400	7,900	7,500	7,000	-6.7%
80,900	73,700	66,800	61,500	58,300	-5.2%
61,800	56,300	52,900	50,700	49,300	-2.8%
661,300	618,900	576,600	560,800	544,200	-3.0%
910,100	802,000	709,200	687,600	673,900	-2.0%
68,700	63,300	60,500	60,100	59,900	-0.3%
66,500	63,800	60,900	56,100	53,200	-5.2%
71,900	64,800	58,000	53,800	57,800	7.4%
275,200	262,400	252,900	241,200	180,700	-25.1%
1,700	1,400	1,300	1,000	1,100	10.0%
11,300	3,400	2,200	2,100	1,900	-9.5%
	7,300	7,300	8,100	7,100	-12.3%
2,279,100	**2,085,100**	**1,910,900**	**1,842,600**	**1,745,600**	**-5.3%**

Strategic Policy Directorate, Social Development Canada

APPENDIX B: POVERTY LINES, 2003 STATISTICS CANADA'S BEFORE-TAX LOW INCOME CUT-OFFS (1992 BASE) FOR 2003					
Family Size	Community Size				
	Cities of 500,000+	100,000-499,999	30,000-99,999	Less than 30,000	Rural Areas
1	$19,795	$16,979	$16,862	$15,690	$13,680
2	$24,745	$21,224	$21,077	$19,612	$17,100
3	$30,774	$26,396	$26,213	$24,390	$21,268
4	$37,253	$31,952	$31,731	$29,526	$25,744
5	$41,642	$35,718	$35,469	$33,004	$28,778
6	$46,031	$39,483	$39,208	$36,482	$31,813
7 +	$50,421	$43,249	$42,947	$39,960	$34,847

APPENDIX C: ANNUAL MAXIMUMS FOR THE NATIONAL CHILD BENEFIT, 1998-2003						
	July 1998	July 1999	July 2000	July 2001	July 2002	July 2003
Canada Child Tax Benefit	$1,020	$1,020	$1,104	$1,117	$1,151	$1,169
Canada Child Tax Benefit Threshold	$25,921	$25,921	$30,004	$32,000	$32,960	$33,487
Additional Payment for a Child Under 7	$213	$213	$219	$221	$228	$232
Supplement for the 1st Child in a Family	$605	$785	$977	$1,255	$1,293	$1,463
Supplement for the 2nd Child in a Family	$405	$585	$771	$1,055	$1,087	$1,254
National Child Benefit Supplement Threshold	$20,921	$20,921	$21,214	$21,744	$22,397	$21,529

This table shows the payments by the federal government to families with children since the National Child Benefit was introduced in July 1998. The National Child Benefit consists of two payments: the basic Canada Child Tax Benefit or CCTB and the National Child Benefit Supplement or NCBS. Families with children under seven get an additional payment. Each year, the rates increased on July 1 and were in effect until June 30 of the following year. The CCTB and NCBS are paid monthly by Ottawa in one cheque to each qualifying family.

The first row called Canada Child Tax Benefit shows the annual basic benefit. The second row called Canada Child Tax Benefit Threshold shows the highest net income a family could have and still be eligible for the full Canada Child Tax Benefit. Once a family's income exceeded this amount, the federal government reduced the basic benefit. The basic federal child tax benefit was completely phased out once the net income of a family with one or two children exceeded $80,250. Families with three or more children did not receive the basic federal benefit after a net income of $105,267. The third row shows the annual basic supplement paid for each child under seven.

The federal government paid a basic federal child tax benefit of $1,169 for the period beginning July 1, 2003, for each child under age 18 if the family income was under $33,487. The amounts were the same for all provinces and territories except Alberta which asked the

federal government to vary these amounts. The federal government also made an additional payment of $232 for each child under age seven for the period beginning July 2002.

The fourth and fifth rows show the National Child Tax Benefit Supplement as of July 1 each year. For the first child in a family, the supplement was $1,463 on July 1, 2003, and $1,254 for the second child.

The final row called National Child Benefit Supplement Threshold shows the highest income a family could have and still get the full supplement. The column for July 2003 shows that the federal government provided all families with incomes under $21,529 with the full National Child Benefit Supplement. Families with three or less children and a net family income between $21,529 and $33,000 received partial NCBS. Families with four or more children with a net family income just above $37,000 still received some NCBS.

APPENDIX D: MAXIMUM NATIONAL CHILD BENEFIT PAYMENTS BY CALENDAR YEAR, 1997-2003		
January 1 to December 31	Single Parent with One Child Age 2	Couple with Two Children Ages 10 and 15
1997	$1,233	$2,040
1998	$1,535	$2,545
1999	$1,928	$3,230
2000	$2,159	$3,683
2001	$2,447	$4,250
2002	$2,633	$4,613
2003	$2,768	$4,869

This table shows the National Child Benefit payments from 1997 to 2003 for a single parent with a two year old and a couple with a ten and fifteen year old. Each row includes the total payments each family received between January 1 and December 31 each year. These calculations are based on six months of payments at the previous year's rate for January to June and six months of payments at the current year's rate for July to December.

The middle column shows the total annual payment to the single-parent family. The payment includes the Canada Child Tax Benefit and the additional payment for a child under seven combined with the National Child Benefit Supplement. In the last column, the annual amounts include the Canada Child Tax Benefit and the National Child Benefit Supplement payments for a couple with a ten and fifteen year old.

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The National Council of Welfare was established by the Government Organization Act, 1969, as a citizens' advisory body to the federal government. It advises the Minister of Social Development on matters of concern to low-income Canadians.

The Council consists of members drawn from across Canada and appointed by the Governor-in-Council. All are private citizens and serve in their personal capacities rather than as representatives of organizations or agencies. The membership of the Council has included welfare recipients, public housing tenants and other low-income people, as well as educators, social workers and people involved in voluntary or charitable organizations.

Reports by the National Council of Welfare deal with a wide range of issues on poverty and social policy in Canada, including income security programs, welfare reform, medicare, poverty lines and poverty statistics, the retirement income system, taxation, labour market issues, social services and legal aid.

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